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In The

SUPREME COURT OF THE UNITED STATES

October Term, 1943 - - Number 49 and 50

FORD MOTOR COMPANY,
Petitioner,

vs.

GORDON FORM LATHE COMPANY,
Respondent.

BRIEF FOR RESPONDENT.

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1. OPINIONS BELOW.

To the opinions listed by the Petitioner at pages 1 to 3 of its Brief, there should be added the following:

The opinion of Judge Westenhaver in the United States District Court for the Northern District of Ohio, Eastern Division, in *Melling vs. Gordon,* 14 F. (2d) 437;

The opinion of the United States Circuit Court of Appeals for the District of Columbia in *Melling vs. Gordon,* 4 F. (2d) 945; and

The various opinions in the Patent Office in the interference between Melling and Gordon, none of which was reported in the Federal Reporters, but all of which were decided in favor of Gordon.

2. JURISDICTIONAL QUESTIONS.

A. The writ of certiorari was granted under a wrong impression.

Certiorari in this case should be dismissed under the rule of this Court stated as follows in the syllabus of *Keller vs. Adams-Campbell*, 264 U. S. 314:

> "2. Certiorari granted under the impression that the case involved an important general question under Rev. Stats., Sec. 4916, as to rights intervening between the issue and reissue of a patent, will be dismissed when it is found that the case was really disposed of by the lower courts upon the ground of non-infringement."

In its Petition for Certiorari, Petitioner named seven reasons for the granting of the Petition. This Court originally granted the Petition on the first ground (after the granting of the Petition the review was extended to the second and third grounds).

(1) The first reason or ground was based on an alleged agreement between Respondent and the Walcott Company. In its petition, Petitioner stated, without qualification, what Petitioner claimed to be the terms of this alleged agreement and proceeded to paint a black picture for the public, etc. thereon, without, however, telling this Court that what terms, if any, were decided upon by the Respondent and the Walcott Company did "not appear from the record." In other words, there was nothing in the record to support what Petitioner claimed to be the terms of this alleged

agreement. At page 25 of its Main Brief, Petitioner, however, admits that "what was decided upon between the Gordon Company and the Walcott Company" • • • "does not appear from the record." Such was the finding of the Master (R. 82) affirmed by the District Court. Thus there is nothing to support the basis of the ground upon which the Petition was originally granted. We might add that there is not only nothing in the record to support the alleged terms of the alleged agreement, but there is nothing in the record to support the claim that there was any such agreement at all, as we will show hereinafter. As is demonstrated hereinafter at page 7, even if there had been any such agreement, it did not and *could not possibly have* included the *particular* 24 machines used by Petitioner.

There is no more truth in the other two claims and no more basis in truth for the other two points brought up for review.

(2) The Master held that the product of the infringing machine was identical or comparable (without the straightening) with the product of the standard (the shaper) so that his comment on a second ground or basis are immaterial.

(3) The Gordon invention was successful in all the embodiments in which it was incorporated for the turning of non-geometric forms. There being a host of non-geometric forms, no particular embodiment of the invention was capable of turning them all without adjustments and modifications within the scope of the Gordon pioneer invention and within the metes and bounds of his patent claims. The particular embodiment disclosed in the Gordon patent was eminently successful in turning the kind of non-geometric form for which it was built and adjusted. Petitioner's cam being a variant of the form for which this

embodiment was constructed and adjusted, it was necessary to make adjustments in the construction which could only be done in a second embodiment which still incorporated the Gordon invention, as all the courts have said.

Petitioner, being conscious of these errors, seeks in its Main Brief, review of the question of patentability. One cannot read Petitioner's brief without coming to the conclusion that the alleged accounting errors (if not misrepresentations) were advanced in an effort to induce the Court to review the question of patentability such as was sought in the case of *Williams Manufacturing Co. vs. United Shoe Machinery Corporation,* 316 U. S. 364.

Hence, although this case is before this Court by reason of the granting of a Writ of Certiorari to review certain points in a patent accounting, and although this Court limited the review to three of the many accounting questions presented for review, Petitioner's brief ranges far afield, challenging the patentability of the invention involved and dealing with other questions not before the Court and concerning some of which this Court denied Petition for Certiorari.

B. Each point was decided against Petitioner by three fact finding tribunals below.

Each of the three points relating to the accounting upon which this Court granted review is a question of fact supported by evidence, and each was decided against the Petitioner's contentions by the three Tribunals below consisting of the Master, the District Judge and the Court of Appeals.

The comment of the Court of Appeals regarding an alleged compromise settlement between Gordon and Walcott quoted at page 14 of Petitioner's brief is mere dicta taken by Judge Hamilton from the Petitioner's brief in that

Court in stating the background of the picture. The statements therein are contrary to the Findings of the Master (R. 82) and to the fact. The Court's dicta is not "substantiated by the evidence," as the Master found (R. 82), affirmed by the District Court. The Court of Appeals paid no heed to this dicta in affirming the Master in all his Findings. This dicta statement of Judge Hamilton did not, and was not intended to, refer to the Ford infringing machines since, as we show hereinafter, none of these could have been within such a compromise settlement as is referred to, if one had been made. Therefore, everything that Judge Hamilton said might be true and there would be no release of any Ford machine.

The question of patentability is not only not before the Court, but that also is a Finding of Fact in which all of the many Tribunals below who ruled upon it are in agreement.

Therefore, every question which the Petitioner presents to this Court is a Finding of Fact which has been decided against the Petitioner in the concurring decisions of three or more lower Tribunals.

Time and again this Court has said that it would not reverse a Finding of Fact thus substantiated by a plurality of fact findings by Tribunals below.

For example, in *Williams vs. United Shoe,* 316 U. S. 364, this Court said, speaking through Mr. Justice Roberts, at page 367:

> "These are findings of fact, despite the petitioner's apparent contention to the contrary, and we will not disturb such concurrent findings where, as here, there is evidence to support them."

This Court cited *Continental Paper Bag Co. vs. Eastern Paper Bag Co.*, 210 U. S. 405, 416, 422; *Adamson vs. Gilliland*, 242 U. S. 350.

3. STATEMENT OF THE CASE.

There has been so much written about patent pools and the illegal use of patents, and the use of patents beyond the intent of the Constitution and the Patent Statutes, that we point out here that the Gordon patent is not now, and never has been, in a patent pool, and never has been used in any way except to manufacture Gordon machines, and to collect from those whom the courts said were infringers. There has never been any effort to restrain business in unpatented parts. Gordon and Redlin who made the invention were individual mechanics of modest means and, with the help of certain of their friends, formed a small company known as the Gordon Form Lathe Company, which succeeded in getting started in business only to be broken up as a result of such infringements as are here complained of.

A. The one dollar award in the decree in the Walcott case was nominal damages.

An examination of the decree in the Walcott case (R. 1670-1672) relied upon by Petitioner as a basis for the alleged compromise agreement, will show that the decree followed the usual form when the award is for "nominal damages." The decree says:

> " • • • It is ordered that the Plaintiff recover of the Defendant *nominal damages* in the sum of One Dollar ($1.00) without reference to a Master." (R. 1671)

In its discussions of the subject the Petitioner conveniently omits the fact that this One Dollar was "nominal damages"; and Judge Hamilton in adopting the Petitioner's contention in his historical outline inadvertently followed the Petitioner's practice of omitting a reference to the fact that this One Dollar was "nominal damages". It is well known that nominal damages are no damages at all but nothing but a peg on which to hang the costs. Of the many definitions to that effect, perhaps the most succinct is that of the Supreme Court of Nebraska in *McGrew Machine Co. vs. One Spring Alarm Clock Co.*, 245 N. W. 263, as follows, page 266:

> "By the term 'nominal damages' is meant a trivial sum, which recognizes a right, but makes no adequate return therefor. It has been said that a return of nominal damages is really no damages at all, but a mere peg to hang the costs on."

B. None of the infringing machines Ford used came within the Walcott suit or within the alleged compromise agreement.

Gordon's patent was issued to him on June 16, 1925 (R. 2). Eighteen of the infringing machines used by the Petitioner were bought by it from the Walcott Machine Company prior to the issuance of the patent to Gordon (R. 138, 139). As to these machines sold, Walcott was not an infringer, since their manufacture and the sale occurred prior to the grant of the patent to Gordon. At that time Gordon had no right of action against those who appropriated his invention. This right was obtained by him on the date of the issuance of the patent; and Gordon could not have brought suit against anyone for adopting his invention before the patent issued.

Gayler vs. Wilder, 10 How. 477, 493;
Brill vs. St. Louis Car Co., 80 F. 909;
B. F. Avery & Sons vs. J. I. Case Plow Works, 174 F. 147.

(1) *Hence, as to these eighteen machines, Walcott was not even a tortfeasor.* There could, therefore, be no joint-tortfeasors; and Petitioner's argument (its brief, pp. 34-43) on the release of a joint tortfeasor, is totally beside the point as to these eighteen machines. Petitioner's infringement by the use of these eighteen machines commenced on the day the patent issued to Gordon and not prior to that day. When the infringement commenced they were already in the hands of Ford. Never during the infringement were they in Walcott's hands.

Hence, the manufacturer and sale of these eighteen machines was not an infringement by Walcott. The most that Petitioner claims for the hypothetical terms of this hypothetical agreement is the acceptance of the One Dollar ($1.00) for all claims of infringement by Walcott and a release of the machines made and sold by Walcott as infringements. Since these eighteen machines were not within the infringement of Walcott, they were not within this ($1.00) hypothetical agreement or released by the hypothetical waiver and release. Indeed, of all of the hypotheses advanced by the Petitioner, none is advanced which would incorporate those eighteen machines. Therefore, to relieve the Petitioner from responding on these eighteen machines would be an out-and-out violation of the statute awarding an accounting and monetary relief to a patentee whose patent has been infringed without even an hypothesis to support it.

(2) *The remaining six machines purchased by the Petitioner were purchased in 1929 after the patent issued (R.*

139). Under the final decree in the Walcott case, no accounting was ordered, and Gordon did not recover for Walcott's infringement (R. 1670).

The other six Walcott machines covered by the accounting in the instant case were made and sold by Walcott *after* the filing of the bill in the Walcott case. This bill asked for an accounting only for the infringement which had taken place prior to the filing of the bill and therefore the accounting which was denied by the District Judge in the decree of the Walcott case (R. 1671) was and could have been only the accounting which had been asked for in the bill. Up to that time there had not been and there never was an application for an accounting to cover the machines which Walcott made and sold after the filing of the bill.

Gordon recovered nothing from Walcott for the six machines which Walcott sold to Ford after the patent issued. They were not included in the decree in the *Walcott* case. Gordon could not and did not recover anything from Walcott for the eighteen machines which were sold to Ford by Walcott before the patent issued. Ford was using these eighteen machines when the patent issued, and continued to use them right up to the time that its infringement stopped, and it used the six machines from the date of purchase until that latter date. The profits in this case are computed only from June 16, 1925 (the date the patent issued) to March 16, 1931, the date Ford's infringement ceased. Gordon is given none of Ford's profits for the use of the eighteen machines from the date he purchased them in 1924 up to and including June 15, 1925.

Petitioner has asked this Court to assume as correct numerous erroneous hypotheses advanced by the Petitioner and unsupported by the evidence. These include the hypothesis that there was a compromise agreement and the hypothesis that the terms of the agreement were as Peti-

tioner alleges, though in its brief Petitioner concedes that what these terms were "does not appear from the record" and further the hypothesis that the agreement was effected in the State of Michigan. In addition to and further out on the end of the limb, the Petitioner asks the Court to assume that the alleged infringement for which the One Dollar is alleged to have been accepted in the alleged agreement, included these six machines and therefore infringements which took place after the filing of the bill and concerning which no complaint had been made at the time of the alleged settlement and the entry of the decree. Petitioner further asks the Court to assume that the accounting which is alleged to have been waived included these machines, made and sold by Walcott after the filing of the bill and for which no accounting had ever been asked or ordered. In the instant case not only did the Respondent not ask for an accounting to cover what had been done after the filing of the bill in the Walcott case, but no such accounting was ever ordered by the Court.

Therefore, not only is there no evidence to support the contention that the One Dollar covered the accounting which had been asked for and in addition an accounting which had not been asked for or ordered, but it is illogical to conclude that Respondent would have asked that additional machines be included in what could not be paid for. It is of course untenable to assume that the District Court would include in the accounting those machines made and sold after the filing of the bill when there was no application for their inclusion in the accounting.

It follows that the eighteen machines made and sold before the issuance of the patent were not included in the settlement because their manufacture and sale was not an infringement by Walcott and the other six machines were not included in this alleged settlement because these six

machines were not within the scope of the accounting or the infringement complained of and alleged to have been settled for.

C. Patentability.

The most casual reading of Petitioner's brief shows that the real purpose of defendant's petition was to ask this Court to review the question of patentability. The Ford petition should, therefore, be dismissed *(Keller vs. Adams-Campbell,* 264 U. S. 314).

In addition to the usual prima facie presumption of validity that attaches to a patent due to the grant *(Mumm vs. Decker,* 301 U. S. 168; *Radio vs. Radio,* 293 U. S. 1), the validity of the patent in suit endured challenges through Patent Office interference proceedings and proceedings in the District Court under R. S. § 4915 (14 F. (2d) 437). The validity was then sustained by the District Court in Detroit (20 F. (2d) 673), by the Court of Appeals in the Sixth Circuit (32 F. (2d) 55), by the District Court in Detroit in the instant case (unreported, but see R. 118), and again by the Circuit Court of Appeals for the Sixth Circuit in the instant case (87 F. (2d) 390). The issue of validity was a question of fact *(U. S. vs. Esnault-Pelterie,* 299 U. S. 201; *Thomson Spot Welder Co. vs. Ford Motor Company,* 265 U. S. 445).

Not only has the patent been held to be valid throughout these proceedings, but it has been held to be a basic patent covering a pioneer invention and entitled to a wide range of equivalents. On this subject the Court of Appeals in the Sixth Circuit said (32 F. (2d) 55, 58):

> "The present patent is in a very true sense generic, and the patentee *a pioneer* in this particular branch of the art." (Emphasis ours throughout unless otherwise indicated.)

(p. 61):

> "Applying the doctrine of broad equivalents properly applicable to *generic* patents, the variation between the conceptions of Gordon and Melling did not take the machines of Melling out of the domination of the claims awarded to Gordon and Redlin."

At 87 F. (2d) 391, the Court said:

> "Full consideration thereof brings conviction of its insufficiency to warrant modification of our previous conclusion that the patentees were *pioneers* * * *"

and again at 133 F. (2d) 487, 495, as follows:

> "Gordon's invention was generic and in his patent application he described what he conceived to be its best form. He also anticipated it could be used in other forms and proportions. In view of the scope of his claims and the basic character of his invention, the law secures him against imitation by other forms and proportions. We cannot say the findings of the Master supported by the trial judge were clearly erroneous. Federal Rules of Civil Procedure, Rule 53 (e) (2), 28 U. S. C. A. following Section 723c; Adamson vs. Gilliland, 242 U. S. 350, 353, 37 S. Ct. 169, 61 L. Ed. 356; Coupe vs. Royer, 155 U. S. 565, 579, 15 S. Ct. 199, 39 L. Ed. 263."

The findings that the Gordon invention was a pioneer and the patent generic are also findings of fact *(Hildreth vs. Mastoras,* 257 U. S. 27, 34) supported by evidence, and they therefore also come within the rule of *Williams vs. United Shoe, supra.*

That the real basis of Petitioner's brief is an attack upon patentability becomes more apparent from the citation of this Court's decision in *Atlantic Works vs. Brady* at pages 26 and 27 of Petitioner's brief and the discussions in connection therewith. In quoting from the cited decision, Petitioner omits the Achilles' heel of the context which ap-

pears in the Court's decision where Petitioner inserts the stars. It is as follows (107 U. S. 200):

> "The design of the patent laws is to reward those who make some substantial discovery or invention, which adds to our knowledge and makes a step in advance in the useful arts. Such inventors are worthy of all favor."

The universal holding in the many decisions below is not only that the Gordon invention is a "substantial discovery and one which did add to our knowledge and make a step in advance in the useful arts" and, therefore, is "worthy of all favors" but that he was a pioneer in so doing. It is needless for us to cite the many comments in decisions of this Court confirming what was said by this Court regarding the favor to which inventors who make such steps and Gordon and Redlin are worthy. The point is that the numerous Courts below have universally found, as a question of fact, that the Gordon invention relates to this worthy class and not to the class discussed in the emasculated quotation from *Atlantic Works vs. Brady,* and other cases cited and relied upon by Petitioner.

Such comments from the decisions in this and other Courts are legion. We need not go beyond those cited and relied upon in Petitioner's brief. Take, for example, the quotation at the middle of page 29 from this Court's decision in *Pope Mfg. Company vs. Gormully.* Every Court who has ruled upon the Gordon invention has held that the invention is "a really valuable invention," which this Court said in the cited case "should be protected in its monopoly."

The Gordon invention is for a new combination of elements, some or all of which may be old, and is, therefore, patentable under the well established rule stated by this Court, for exampie, in *Expanded Metal vs. Bradford,* 214

U. S. 366; *Leeds & Catlin vs. Victor,* 213 U. S. 325, 332; *Williams vs. United Shoe, supra.* Therefore, it is incorrect to say that the Gordon patent distinguishes from the prior art by some particular feature or is limited to some particular feature of the combination as contended by Petitioner. All of this, as we say, is not before the Court. Every question presented in this regard has been ruled on by three or more Tribunals below and every one has held against Petitioner's contention upon this fact question.

As stated by the Court of Appeals in the Sixth Circuit in a lengthy discussion of the question (32 F. (2d) 57-59) each and every prior art device would have to be radically reorganized on lines not contemplated prior to Gordon to accomplish the primary function of Gordon.

D. The Walcott or Melling Machine is a Gordon Machine, as was held by the Courts below.

The effort to distinguish between the two by calling them by different names is a practice which has been rejected by this Court ever since *Machine Co. vs. Murphy,* where this Court said (97 U. S. 120, 125,), as follows:

> "Except where form is of the essence of the invention, it has but little weight in the decision of such an issue, the correct rule being that, in determining the question of infringement, *the court or jury, as the case may be, are not to judge about similarities or differences by the names of things, but are to look at the machines or their several devices or elements in the light of what they do, or what office or function they perform, and how they perform it,* and to find that one thing is substantially the same as another, if it performs substantially the same function in substantially the same way to obtain the same result, *always bearing in mind that devices in a patented machine are different in the sense of the patent law when they perform different functions or in a different way, or produce a substantially different result.*

> "Nor is it safe to give much heed to the fact that the corresponding device in two machines organized to accomplish the same result is different in shape or form the one from the other, as it is necesary in every such investigation to look at the mode of operation or the way the device works, and at the result, as well as at the means by which the result is attained."

This rule should be applied with the strictest severity in favor of the patentee where the Court finds, as did the Court of Appeals in *Gordon Form Lathe Co. vs. Walcott Machine Co.*, 32 F. (2d) 55, to the effect that it did not occur to Melling how to accomplish Gordon's results until he saw the Gordon machine in operation.

Calling the two machines by different names cannot destroy the identity between the two under this rule, as found by the Courts below. Substantially all of the contentions of Petitioner are destroyed when this rule is accepted.

E. Petitioner's claims and comparisons are predicated upon the embodiment of the Gordon Invention illustrated and described in the Gordon patent and not upon the Gordon invention.

The Gordon invention, being a pioneer invention, is capable of being embodied in a number of different embodiments and so said the Court below (133 F. (2d) 487, 495). The range in which the invention is applicable is both wide and long. Its primary function was the turning of non-geometric forms. The number of non-geometric forms is legion and no single embodiment is capable of turning all of the non-geometric forms which can be turned upon machines embodying the invention. It was not, of course, possible, or permissible under the law, to disclose in the patent in suit all of the embodiments of the Gordon invention for turning all of the non-geometric forms. The Statute and

the decisions of this Court requires the illustration and description of but a single one of these embodiments (R. S. § 4888; *U. S. vs. Societe,* 224 U. S. 309, 328).

In compliance with this law and these decisions, Gordon disclosed a machine which was highly successful in turning a particular kind of a pear-shaped cam, or non-geometric form. Many of the Gordon machines were sold and used successfully in the turning of millions of cams of this particular shape. This particular machine, however, was not an embodiment for commercially turning the different shape of cam which the Ford Company made and used, notwithstanding an effort was made to do so.

The record shows that apart from the Jackson Motor Shaft Company and International Harvester Company Gordon sold twenty-four cam turning lathes (in addition to a number of crank cheek turning lathes) prior to the issuance of the patent. These machines were sold to the following motor companies (R. 1190): two were sold to Nash Motors; one to the Muskegon Motor Specialty Company; two to the Maxwell Motors; two to the Peerless Motor Car Company; seven to the Studebaker Corporation; one to the Packard Motor Car Company; two to the Cadillac Motor Company; one to Peter Hartley Company; one to the Amstead Engineering Company; two to the Reo Motor Car Company; one to the Cleveland Cam Shaft Company; and two to the Willys Corporation. In a number of these instances the customer first brought but one machine and ordered the additional machines only after the first had proven itself in production (R. 1196). In many instances also these Gordon machines turned the customer's entire production of cam shafts over a period of years. Notable among these were Nash, Peerless, Studebaker and Cadillac (R. 1197).

The Walcott, or infringing machine, was merely a variant on the Gordon embodiment or a second embodiment of the Gordon invention designed to turn the particular kind of non-geometric form of cam turned by the Ford Company.

There is an infinite variety of non-geometric forms and an infinite variety of variants or embodiments of the Gordon invention which needs must be designed to turn these various non-geometric forms.

Petitioner contends that the Gordon invention begins and ends in the embodiment of the invention illustrated and described in the Gordon patent, and that Gordon is not entitled to recover for any profits made or any damages done by an embodiment of the Gordon invention which differs from the embodiment illustrated in the patent or is in any way a variant thereon. This, of course, is not the law for, as stated by this Court in *U. S. vs. Societe, supra* (p. 328):

> "We have seen De Bange describe what he conceived to be the best form of his invention, and contemplated that it could be represented in other forms and proportions. This, however, was unnecessary, *for the law would secure him against imitation by other forms and proportions.* Winans vs. Denmead, 15 How. 330; Hotchkiss vs. Greenwood, 11 How. 248, 265; Western Electric Co. vs. LaRue, 139 U. S. 601, 608."

If Petitioner's contention were correct, the more important the invention and the more pioneer the invention, the less could be collected because, as is well known, the first embodiments of most pioneer inventions have no commercial utility at all. This was true, for example, of Dr. Bell's telephone invention which, to common knowledge, was a mere toy, having no commercial utility at all.

What we have said about the telephone is true of nearly all pioneer inventions, including the cotton gin, the airplane, the steam engine, the incandescent light, spinning and weaving machinery, and many others, such as are illustrated and described in the recent book entitled *From Man To Machine* by Rogers (1941). Indeed, as compared with the first embodiment of these pioneer inventions, the first embodiment of the Gordon invention is a marvel of utility since the only thing the matter with the first embodiment of the Gordon invention was that it could not commercially turn all shapes of non-geometric forms. To deny Gordon relief would be equivalent to denying Bell relief because his original telephone could not telephone across the continent or across the ocean, or to deny the Wright Brothers relief because their original "Kitty Hawk" machine would not fly across the ocean or across the continent, or to deny relief to any of these pioneer inventors because their machines were not capable of doing what is done by variants on the original embodiment of their inventions.

The Courts below have not only found that the infringing Walcott machine embodies the Gordon invention, but that it is a mere variant and the full equivalent thereof. Typical of these findings are those of the Sixth Circuit Court of Appeals in *Gordon vs. Walcott,* as follows (32 F. (2d) 61):

> "Tersely expressed, our opinion is that Melling accomplished the same result as Gordon, perhaps more efficiently mechanically, but nevertheless by the employment of substantially the same means, or their equivalents, operating in substantially the same manner. This has universally been held to constitute infringement, and we so hold. Union Paper Bag Machine Co. vs. Murphy, 97 U. S. 120, 24 L. Ed. 935; Westinghouse vs. Boyden Power Brake Co., 170 U. S. 537, 568, 569, 18 S. Ct. 707 (42 L. Ed. 1136); Schiebel

Toy & Novelty Co. vs. Clark, supra; Allen vs. Wingerter, 17 F. (2d) 745, 747 (C. C. A. 3)."

All of the contentions predicated upon the alleged failure of the particular embodiment of the Gordon invention, illustrated in the Gordon patent, at the Ford plant, must, therefore, fail.

Petitioner also refers to the liberal construction given claims by the Patent Office in a Patent Office interference. The Tribunals below, including Judge Westenhaver and the Court of Appeals in the Sixth Circuit, after considering all the evidence, gave the claims the same construction given them by the Patent Office. Thus the Court of Appeals in the Sixth Circuit said in the *Walcott* case (32 F. (2d) 58):

"The claims of the patent in suit were considered as entitled to broad, liberal construction in the Patent Office proceedings, by Judge Westenhaver in the proceedings under R. S. Sec. 4915, and by the District Judge below. We think that such claims are entitled to this liberal construction, and concur in the opinion of the other tribunals that the patent discloses invention and is not anticipated, and that the generic claims are valid."

5. SUMMARY OF ARGUMENT.

1. (a) There was no compromise agreement between Respondent and the manufacturer as Petitioner alleges; (b) the Petitioner admits that there is nothing in the record to establish the alleged terms of this alleged agreement; (c) the Respondent's machines would not have been released by this alleged agreement if there had been such an agreement and if the record did support the alleged terms thereof.

2. The straightening operation was added by Petitioner in order to improve its standards of workmanship; it was not attributable to the difference in the machines.

3. The alleged Melling improvement infringed Gordon and can form no basis for a claim for apportionment; in any event the burden of proving that portion of the profits attributable to such improvement rested upon the Petitioner, and the Petitioner did not meet this burden.

6. ARGUMENT.

A—Point 1—Under the plain provisions of the statute (R. S. § 4921) respondent is entitled to recover all of the profits realized by the Petitioner through its use of the infringing machines.

On this branch of its argument petitioner (Brief pp. 21 to 42) takes the position that respondent (hereinafter referred to as "Gordon") may not make "a compromising agreement" with an infringing manufacturer, and then rely upon *Birdsell vs. Shaliol,* 112 U. S. 485, "to mulct innocent customers of such manufacturer of much larger sums than

any recovery obtainable from the manufacturer." Petitioner states (Brief p. 21) that this point goes to the entire recovery (in the alternative) of both profits and damages.

This proposition thus presented to this Court for its determination is grounded upon assumptions of fact which are contrary to the express findings of the Master on these facts, which findings were adopted by the lower Court and approved by the Court of Appeals. That this proposition thus advanced is grounded upon such assumptions clearly appears, when it is considered:

(1) That Gordon made no "compromise agreement" with the infringing manufacturer.

The Master found (R. 82) that

> "There is no evidence here to establish that the decree for nominal damages in the *Walcott* case was not based upon the financial condition of the Walcott Company, as recited in the decree. Since, according to defendant, the National Automobile Chamber of Commerce had taken over the defense of that suit, it is difficult to see why it did not object to the decree if its effect was to penalize unjustly its members who used the infringing machines; but there is no evidence here of such objection * * Therefore, even if a defense based on these claims of defendant can be raised at this time, I find and conclude that the defense is not substantiated by the evidence."

The non-existence of this alleged agreement is discussed hereinafter at length (pages 30 to 40).

(2) That the recovery here granted to Gordon by the Master (R. 93) is its choice of $206,824.22 as defendant's profits, and $120,000 as its damages. The finding of the Master as to these

profits and damages was affirmed by the Court of Appeals in these amounts respectively.

(a) (b) Response to Petitioner's argument 6 A (a) and (b), (Petitioner's brief pp. 21-24).

(1) *That Respondent Suffered Damages by the Infringement was Found on the Evidence by each of the Three Fact Finding Tribunals Below.*

The question of whether Respondent has suffered damages or failed to prove the suffering of damages is not before this Court. Damages is a question of fact and that question was before each the Master, the District Judge and the Court of Appeals on evidence below, and there are concurring findings of these three Tribunals that Gordon did suffer damages as a result of the infringement.

Moreover, it is well established as a matter of law that a patentee is not required to prove the sufferance of damages by infringement. That fact is presumed from the infringement. Instead of arguing this point we prefer to submit the arguments of the Courts on the subject. The Court said in *United States Frumentum Co. vs. Lauhoff*, (C. C. A. 6), 216 F. 610, that (p. 623):

> "• • • The patentee's exclusive right to the market extends for seventeen years; he is not obliged to find or create and to supply the demand at once; he may have good reasons, of policy or of necessity, for postponing his efforts; but the whole market for the whole period, nevertheless, belongs to him; and by so much as the infringing defendant supplies that demand and permanently fills that market before plaintiff offers to do so, by so much is plaintiff's eventual market impaired. As to articles of long life and to be sold in a limited field this eventual impairment would be about the same whether plain-

tiff, in the early years of his patent, was or was not manufacturing; as to articles of short life and of less limited demand, the impairment would be much less; but it always would be existent, theoretically, and often, practically."

For the first six years of the life of Gordon's patent, defendant was infringing and turning its large production of automobile cam shafts. It is very common knowledge that a machine for cutting automobile cams is an article of long life and must be sold in a limited field, and in that respect, the above quoted language of the Court in the *United States Frumentum* case is particularly apt. The holding of the Court in the *United States Frumentum* case was followed in *American Telephone & Telegraph Co. vs. Radio Audion Co.*, 5 F. (2d) 535, where the Court states the rule as follows (p. 535):

"It has been conclusively settled that the exclusive right conferred by a patent is property, and that an infringement of the patent constitutes a tortious taking of part of that property. *Dowagiac Mfg. Co. vs. Minnesota Plow Co.*, 235 U. S. 641, 648, 35 S. Ct. 221, 59 L. Ed. 398; *United States Frumentum Co. vs. Lauhoff* (C. C. A. 6), 216 F. 610, 615, 132 C. C. A. 614. It seems to me inevitably to follow that a finding of validity and infringement is a finding that the person whose patent rights have been infringed has suffered damage. *It would seem to be equally clear that a decree adjudging a patent to be valid and infringed and directing an accounting is conclusive upon the question of whether or not a plaintiff has been injured, and that that question is not open for consideration or discussion in the accounting proceedings.*"

(2) *Findings of the Master Regarding Damages Affirmed by the District Court and the Court of Appeals.*

Against the finding of the sufferance of damages by the Master and affirmed by the District Court and the Court of Appeals and against the proof on this subject, counsel can offer nothing but the speculations and the arguments of Petitioner. We are full well conscious that these speculations of counsel cannot prevail against the fact finding of the three Tribunals below and the rule of law that even in the absence of such a finding sufferance of damages is presumed from infringement and therefore we are not required to discuss the evidence on the subject under the rule in the *Williams vs. United Shoe* case. Nevertheless, we point out that the President of the Respondent company testified that the purchase and use of the infringing machines was the fatal blow which put the Respondent out of business (R. 282, 283). The proofs are that the Respondent had after the invention proceeded, as far as it was financially able, to make the particular embodiments of the invention capable of producing the particular kind of non-geometric forms known then to be in demand. One of these machines was the embodiment illustrated and described in the patent in suit, another was the machine for making the non-geometric form called the crank cheek. While the inventor was engrossed in the production of these embodiments, the infringing embodiment known as the Walcott machine was produced and adopted and used by the Petitioner. This was as the President of the Respondent testified sufficient to put the death blow to the small and struggling Respondent. This evidence is undisputed in this record. It would be difficult to conceive how greater damage could be done an inventor by an infringer than to put him out of business after he had invested his money and the money of his friends in that business.

When we consider that Mr. Gordon was an individual—what is commonly known as "the poor inventor"—and had available for the engineering, designing, manufacture and marketing of machines embodying his invention for use in making various non-geometric forms, only the limited resources of such an individual inventor and his friends, the extent and seriousness of the damage done by the death-dealing infringement of the Petitioner can be appreciated. The National Patent Planning Commission appointed by President Roosevelt to investigate and report upon the patent system went out of its way to make note of the contribution to American industrial progress made by individual inventors who market machines embodyinig their inventions just as Gordon did. We can have no better illustration of how these proceedings thus commended are killed in the bud by a larger and more powerful manufacturer than the instant case. Manifestly if such proceedings go unchecked the day of the individual or poor inventor is over.

(3) *Gordon proved Petitioner's profits.*

This cause was commenced in equity, seeking injunctive relief against petitioner to prevent its use of the infringing machines, and that the defendant be ordered to account for and pay to Gordon, defendant's profits unlawfully derived from the infringement of plaintiff's patent, and also the damages sustained by Gordon by reason of such infringements.

Judgment was so rendered (R. 1365-68).

Gordon's award of the Petitioner's profits in this equity proceedings was in exact conformity with the pro-

visions of Section 4921 R. S. (35 U. S. C. A. §70). That statute provides:

> "Upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction."

In sustaining the Master's finding to the effect that Ford enjoyed a savings from its infringement of the Gordon patent the Court of Appeals held that the Master's finding was "supported by the overwhelming weight of the evidence." (133 F. (2d) 487, 494.)

The fruits of Ford's advantage in using Gordon's invention over what he had in using other processes then open to the public, and adequate to enable it to obtain an equally beneficial result, are the "profits" which Gordon is entitled to recover from Petitioner.

Mowry vs. Whitney, 81 U. S. (14 Wall.) 620, 650, 20 L. Ed. 860;
Littlefield vs. Perry, 88 U. S. (21 Wall.) 205, 22 L. Ed. 577;
Mevs vs. Conover, 23 L. Ed. 1008 (Footnote in 125 U. S. 144);
Cawood Patent case, 94 U. S. 695, 24 L. Ed. 238;
Black vs. Thorne, 111 U. S. 122, 28 L. Ed. 372;
Tilghman vs. Proctor, 125 U. S. 136, 31 L. Ed. 664;
Sessions vs. Romadka, 145 U. S. 29, 36 L. Ed. 609;
Horvath vs. McCord, 100 F. (2d) 326 (C. C. A. 6).

Petitioner's infringement in this case extended from the date of the issuance of the patent (June 16, 1925, R.

2) to March 16, 1931 (R. 16). During that period of time its infringement was colossal, and Petitioner turned substantially all of the cam shafts which it manufactured for its T models, its A models, and its Tractor models, being respectively as follows:

Model-T—3,420,166;
Model-A—4,306,504;
Tractor shafts—275,664 (R. 95).

The amount of the savings, gains, and advantages (profits) which the Petitioner enjoyed and received as a result of this infringement was clearly proved to the complete satisfaction of the Master, the District Court, and the Court of Appeals. As pointed out above, the amount of the profits found by the Master was affirmed to the penny by the Court of Appeals. Since Gordon proved these profits to the satisfaction of the Master and the reviewing Courts, he was entitled to recover them under the statute.

Petitioner argues (Brief p. 22) to the effect that the only actual damages which Gordon suffered from any infringement of its patent by Petitioner would have been either lost sales or loss of its established royalty on sales that might otherwise have been made by it. On this branch of the case it is difficult to see why this line of argument is not totally beside the point. In equity, a patentee may waive the damages he has sustained; and he may then recover the actual profits realized by the infringer. *Tilghman vs. Proctor,* 125 U. S. 136; *Root vs. Railway Co.,* 105 U. S. 189.

In *Tilghman vs. Proctor, supra,* the Court states the rule as follows (pp. 143 to 146 incl.):

"The principal question of law now presented is as to the general rule that should govern the amount

to be recovered. The defendants contend that the plaintiff, having established license fees for the use of his patent, is not entitled to any gains and profits accruing to the defendants, in excess of those fees. The plaintiff contends that, as the profits to be accounted for exceed the damages, he has the right, waiving the damages found by the master, to have a decree for profits.

* * * * * *

"But upon a bill in equity by the owner against infringers of a patent, the plaintiff is entitled to recover the amount of gains and profits that the defendants have made by the use of his invention.

"This rule was established by a series of decisions under the patent act of 1836, which simply conferred upon the courts of the United States general equity jurisdiction, with the power to grant injunctions, in cases arising under the patent laws.

* * * * * *

"The reasons that have led to the adoption of this rule are, that it comes nearer than any other to doing complete justice between the parties; that in equity the profits made by the infringer of a patent belong to the patentee and not to the infringer; and that it is inconsistent with the ordinary principles and practice of courts of chancery, either, on the one hand, to permit the wrongdoer to profit by his own wrong, or, on the other hand, to make no allowance for the cost and expense of conducting his business, or to undertake to punish him by obliging him to pay more than a fair compensation to the person wronged."

In *Tilghman vs. Proctor, supra,* the actual damages, based on established royalties, amounted to $79,566.91, but under the decision of this Court the patentee recovered all of the profits of the infringing defendants in the amount of $266,153.86.

In passing, and in reply to Petitioner's claim that an established royalty of 10% of the selling price on the original Gordon machine was paid to the patentee (Petitioner's Brief, pp. 19, 22), Respondent points out that the Master found that Gordon ceased manufacture of Gordon machines prior to the issuance of its patent (R. 12). He also found that this so-called 10% royalty was paid by the Respondent to Mr. Gordon's company, the Production Machine Tool Company (R. 75; and R. 79); that these 10% payments were made by the Respondent to another, and not to the Respondent by purchasers of its machines, and such payments were made in the early years when Gordon was building up a business in the patent machine, and since Mr. Gordon had the chief financial interest in the paying company, they amounted, in a large measure, to a transfer of money from one pocket to another, and are not a conclusive guide to a reasonable royalty to be paid to the Plaintiff for release of its patent rights by user of infringing machines.

Petitioner's position (page 22) to the effect that actual damage resulting from lost sales is not damage inflicted by Petitioner (a purchaser of the infringing machines) is totally beside the point. Whatever bearing, if any, that fact may have on the question of Gordon's damages in an action at law, like the stipulations in the assignments referred to in *Elizabeth vs. Pavement Co.*, it affords "no defense to the Appellants, when called upon to account for the profits they have wrongfully made by pirating the invention." *Elizabeth vs. Pavement Co.*, 97 U. S. 126, 143.

Nor does it avail the Petitioner anything to confuse Gordon's rights to recover his damages, and Gordon's right to recover Petitioner's infringing profits. An infringer's profits and a patentee's damages are distinct from and independent of each other, and are governed by differ-

ent principles, and the one cannot be said to be the measure of the other in an accounting under §4921. *Beach vs. Hatch,* 153 F. 763. Of course this is perfectly obvious from a reading of the provisions of R. S. §4921. The statute provides for the recovery of damages the complainant has sustained "in addition to the profits to be accounted for by the defendant."

On the proofs offered in this case as to the extent of Ford's profit and the amount thereof, the Master and the Court of Appeals reached the same conclusion. Gordon is entitled to recover those profits.

(c) Response to Petitioner's argument 6 A (c) (Petitioner's Brief pp. 25-32). The alleged Gordon-Walcott settlement agreement:

(1) The simple and conclusive answer to this point is that there was no such "agreement," and there is no evidence to support a claim that there ever was such an "agreement" and the Master so found (R. 82). All the evidence is to the contrary. Not only is there no evidence to support the contention, but the burden was upon the defendant to adduce and offer such evidence.* *Not only is there no evidence, but the issue was never pleaded.* This should dispose of the whole question, for plaintiff could

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*Hilditch vs. American Bumper Corp. (E. D. N. Y. 1926) 15 F. (2d) 451, 454;
General Electric Co. vs. Continental Lamp Works (C. C. A. 2d 1922) 280 F. 846, 850;
Bassick Mfg. Co. vs. Adams Grease Gun Corp. (C. C. A. 2d 1931) 54 F. (2d) 285;
Radio Corporation vs. Majestic Distributors (D. C. Conn. 1934) 6 F. Supp. 87, 88;
Watson et al vs. Smith, (C. C. 1881) 7 F. 350;
3 Walker on Patents (Deller's Ed.) 1984 § 681.

hardly have been expected to present evidence on an issue not made up, and on which defendant submitted no evidence.

We present the following without waiving our contention that failure to plead an issue and failure to submit any evidence to support the issue by one upon whom the burden rests ought to be conclusive and that we ought not to have to submit the following:

(2) The only mention in the record of such an agreement was a statement by one of the counsel for Gordon, in response to a question by counsel for Petitioner, that counsel for Gordon was not aware of any settlement made with the Walcott Company (R. 970). This is the only place the alleged "agreement" is mentioned in the record. This being negative, the proposition should end there if it does not end in the absence of issue and evidence.

(3) Although, as Petitioner points out, Mr. Gordon, the President of the Gordon Company, and the *alter ego* of the Gordon Company, was on the witness stand time and again, not only throughout the main case, but throughout the accounting proceedings, no question was ever asked Mr. Gordon about such an agreement, and he was the one who would have known about such an "agreement" if there had been such an "agreement." Moreover, it would have been easy for defendant to have produced a representative of the Walcott Company to prove the existence of such an agreement if, in fact, there had been such an agreement. This brings us to the rule that where a party fails to produce the best evidence, particularly when so readily available to him, and no excuse is offered for not producing such evidence, the conclusion is that the evidence would have been unfavorable to the defendant *(Interstate Circuit vs. U. S.,* 306 U. S. 208, 226; *Mueller vs. Glauber,* 184 F. 609,

618, 619 (C. C. A. 7), and the numerous cases cited in these two authorities).

(4) From what Petitioner says at the top of page 26 of Petitioner's brief, it is very plain that there was no such agreement. As Petitioner points out, over a month after the date of this alleged agreement, the Walcott Company wrote to the Ford Company saying that there was then a *"plan* for the purchase of the Gordon & Redlin patent which will eliminate any costs or damages to the Ford Motor Company." It is manifest that if there had been any such settlement agreement as the Petitioner contends, the Walcott Company would, in this letter, have assured the Ford Company that there had been such a settlement and would not have been advising the Ford Company that all that existed at that time was a *"plan"* to buy up the Gordon patent and eliminate any cost or damages to the Ford Motor Company." This is conclusive evidence that the Walcott Company, one of those alleged to be a party to this agreement, did not claim that there was any such agreement.

The more detailed facts are that the decree of the District Court, refusing an accounting for valid reasons, which we will state hereafter, but which constitutes the basis for alleging that there was such an agreement, was entered June 24, 1929. At that time the Ford Company owed the Walcott Company approximately Six Thousand Dollars on account. This the Ford Company refused to pay because the Ford Company recognized that it was liable to Gordon for the infringement. The Walcott Company was seeking collection of this Six Thousand Dollars which it is apparent the Walcott Company needed badly. If there had been any such settlement as Ford contends, the Walcott Company could have succeeded in collecting its Six Thousand Dollars by telling the Ford Company that there

was such an agreement. There being no such agreement, however, the Walcott Company did not say that there was such an agreement, but in order to induce the Ford Company to pay the Six Thousand Dollars, called the Ford Company's attention to the "plan" to effect such a settlement and thereby relieve the Ford Company from its responsibility for its infringement. Two things appear from this letter—first, that if there had been any such agreement, Walcott would have advised Ford because the letter plainly shows that Walcott recognized that it was because of the absence of such agreement that the Ford Company was withholding the Six Thousand Dollars and, second, the letter shows that at that time there could have been no such agreement because all that existed was a "plan" for such an agreement. If, of course, there had been such an agreement, then there would have been no need for and no "plan" to make such an agreement.

This "plan" was never concluded, so the liability of the Ford Company to Gordon, which both Ford and Walcott recognized in the letter, continued.

Petitioner concedes (P. B. p. 25) that what (if anything) was decided upon by Gordon and Walcott when the decree was entered "*does not appear from the record,*" thus confirming our statement that there is nothing in the record on the subject. Petitioner then proceeds to place its reliance on this assertion by Walcott in this letter to the Ford Company that Walcott had a "plan" pending to do in July, 1929 what Petitioner erroneously claims had already been done by Walcott more than a month before and which was, in fact, never done. The serving of Notice and the filing of the Bill of Complaint in the instant case is conclusive evidence that Gordon, the other party to the alleged "agreement," knew that there was no such agreement. Therefore, both of the parties to the alleged agree-

ment are on record to the effect that there was no such agreement. That the agreement was not pleaded in the Answer or in any subsequent amendment is conclusive that the Ford Company knew there was never any such agreement.

After the entry of the amended Final Decree in the *Walcott* case (R. 1670-1672), the Gordon Company brought suit not only against the Ford Company, but against a number of other users of the Walcott machine, including General Motors Corporation, the Packard Company, Chrysler, and others. If there had been any such agreement as Ford contends for here, such would have been a defense to the claim in all of these suits, including the Ford suit. Neither the Ford, nor any other one of these infringers, pleaded such a defense. If there had, in fact, been an agreement the Walcott Company under the warranty agreement (Ex. 296), would have advised each and all of these infringers that there was such an agreement and such a release. Yet the Walcott Company knowing, of course, that there was no such agreement, did not advise any of them that there was such an agreement, with the result that all of the users, except the Ford Company, settled with Gordon for the infringement resulting from the use of the Walcott machine.

Petitioner's claim that Walcott made an agreement with Gordon by which Gordon could collect more from Ford than from Walcott is fantastic and unacceptable because since Walcott had agreed to reimburse Ford for any sum Ford would be required to pay to Gordon (Ex. 296), Walcott would have been obligating itself to pay more to Ford than Walcott would have had to pay Gordon, since Walcott could not be required to pay Gordon anything for the first eighteen machines. In other words, if Walcott

owed Gordon x dollars, and Ford owed Gordon 10x dollars, an agreement which excused Walcott from paying Gordon x dollars would have, ipso facto, obligated Walcott to pay Ford 10x dollars. The Walcott Company was not so dumb.

(5) The Master rejected the claim that there was such an agreement (R. 82); the District Court agreed with him; so did the Court of Appeals though, as we have mentioned, that Court, in reciting the history of the case prior to reaching the merits, inadvertently stated as mere dicta the defendant's claim, though paid no heed to the same and based no ruling thereon.

(6) The claim of the Petitioner is predicated upon the following proceedings:

The mandate from the Court of Appeals in the *Walcott* case provided for an injunction, an accounting, and an award of costs. When the mandate was lodged in the District Court, it became the duty of counsel to prepare a Decree based upon the mandate and to agree to the form of the Decree and present it to the District Court. (These procedures, and some of those which we shall mention, are not specifically proven in the record, but we assume that the Court will take judicial notice of such common procedure and customs *(Brown vs. Piper*, 91 U. S. 37, 42; *U. S. vs. Ferger*, 250 U. S. 199, 204; *U. S. vs. Sinclair*, 126 F. (2d) 827 (C. C. A. 10); *U. S. vs. Stanolind*, 113 F. (2d) 194, 200 (C. C. A. 10); *Walling vs. Patton*, 134 F. (2d) 945 (C. C. A. 6)). Upon the presentation of the usual form of decree in such cases, it was "represented to the Court" by Walcott's counsel that Walcott was not financially able to respond to a money judgment for damage and/or profits. This appears in the decree entered by the District Court who said in the decree (R. 1671):

"(6) It being represented to the Court that the Defendant is not financially able to respond to a money judgment for damages and/or profits,".

The Court then refused to award an accounting, saying (R. 1671):

"no accounting is ordered, but on the contrary it is ordered that the Plaintiff recover of the Defendant *nominal* damages in the sum of One Dollar ($1.00), without reference to a Master."

This is the usual procedure and the usual form of order in such cases.

The general rule that a Court will not order a futile thing is so well established and known that we need not cite authority on the subject. This rule has been applied in many cases where it is apparent that not only would the order of an accounting be futile, but the cost of the accounting would exceed it *(Fetzer & Spies vs. I. T. S.,* 260 F. 939, 947 (C. C. A. 6); *Perkins vs. Yost,* 189 F. 625 (C. C. Ohio); *Tucker vs. Dallas,* 286 F. 754 (D. C. Texas); *Hewes vs. Gay,* 11 F. (2d) 165 (D. C. Conn.); *Merriam vs. Ogilvie,* 170 F. 167 (C. C. A. 1); *Merriam vs. Saalfield,* 198 F. 369, 371 (C. C. A. 6)).

Counsel for Gordon could not deny the statements of counsel for Walcott regarding the financial inability of Walcott because these statements were true. Counsel for Gordon could not prevent the Court from entering the Decree that the Court entered. Gordon, and counsel for Gordon, were powerless to prevent the Court from refusing to order an accounting, Gordon, and counsel for Gordon, could not prevent the Court from limiting the damages to *nominal damages* of One Dollar. Indeed, as counsel for Gordon well knew, the Court was conforming to the law in entering such an order under such circumstances. What

is contained in this Section 6 of the Decree which we have quoted above was not the choice, the agreement, or the election of Gordon or counsel for Gordon, but the Order of the Court.

The Court ordered the issue of the injunction and made an award of costs which were agreed upon by the parties in the sum of Four Thousand Dollars which, as the record shows, was not in excess of Gordon's actual costs if, indeed, it was sufficient to cover those costs (R. 971).

The Court, of course, did not prepare the Decree itself. It followed the usual proceedings and left the burden of preparing a Decree embodying the Orders of the Court upon counsel for Gordon in accordance with the usual practice. Since it was plaintiff who was asking for the entry of the Decree upon the Mandate, counsel for Gordon had no other course than to prepare the Decree to incorporate the Court's orders, as shown in the decree (R. 1670-1672). Of course, as is usual and customary, counsel for both sides agreed to the *form* of the Decree ordered by the Court. To have done otherwise would have been captious. Such is the testimony on the subject (R. 970-971).

Thus is there not only no evidence to support the claim that there was any such agreement, but the evidence in the record shows that there was no such agreement and the Decree entered by the District Judge (R. 1670-1672) in connection with the evidence on the subject (R. 970-971) shows that not only was there no "agreement," but that the refusal of the accounting and the limiting of the recovery to One Dollar *nominal damages* was the Order of the Court which Gordon, or his counsel, was powerless to prevent. Moreover, under the authorities which we have cited, we found "after investigation" (R. 970) that the District Court was correct in these proceedings and it

would, therefore, have been futile to challenge his ruling or his Decree either in the District Court, the Court of Appeals, or in this Court. Therefore, did Gordon not only not agree to such a proposition, but Gordon was powerless to do anything but accept the ruling of the Court. But neither Gordon, nor counsel for Gordon, agreed to more than the form of the Decree.

It would be just as reasonable to contend that John Brown agreed to the Order of the Virginia Court condemning him to be hung, or that Joan D'Arc agreed to the findings of the Tribunal which tried her, or that Sacco and Vanzetti agreed to their sentences, as to contend that the Gordon Company agreed to the terms of the section of the Decree in the *Walcott* case relating to the accounting.

(7) We recognize that the Court cannot accept statements of fact by counsel or accept the word of one counsel as against the other, but counsel for the Ford Company have made statements of fact regarding this agreement which are not supported by the record, and if this Court is going to consider them, we ask the Court to accept and consider the statement which we now make to the effect that counsel for Walcott approached counsel for Gordon in an attempt to make such an agreement, as counsel for the Ford Company says was made, and that counsel for Gordon refused such a proposal. Such attempt, therefore, failed, and no such agreement was ever made.

(8) What Petitioner's counsel contend for amounts to this, and nothing more:

Collateral to the Decree, but not of record in this case, there was an oral agreement between counsel for Walcott and Gordon—not between Walcott and Gordon, but between counsel for Walcott and Gordon—whereby counsel

for Gordon accepted Four Thousand Dollars for Court costs, which costs, the record shows, were probably more than that, and One Dollar for the infringement amounting to many hundreds of thousands of dollars. There is not one word of writing, and no contention that there is one word of writing, in the record—or one oral word, for that matter—which supports such a claim. The Court is asked to hold that notwithstanding the absence of anything in the record to support the proposition that the Ford Company be released from its statutory obligation merely because counsel for the Petitioner contend that there was such an oral arrangement between counsel for Walcott and Gordon, which counsel for Gordon deny.

Petitioner then proceeds to shed many crocodile tears for the public because the Statutes make the user-infringer liable to the inventor for his infringement, and asks the Court to emasculate the Statutes and limit the Patentee to the maker for recovery. The dark and gloomy picture which counsel attempt to paint has not appeared in these more than one hundred and fifty years last past.

Wherever it has appeared to the user that there was danger of infringement by use, the user has always made a warranty contract against infringement with the maker, such as the one Ford made with Walcott with respect to the infringing machines and appearing at page 1610 of the record (Ex. 296).

The danger to the public in the instant case would be in the acceptance by this Court of the contentions of Petitioner and making a ruling based upon the statements of counsel which are not supported by the record, and by making a ruling that the Court will infer, in the absence of all evidence, that counsel for the parties, who did no more in the premises than agree to the *form* of the judgment, had

entered into a binding agreement which bound their clients and which resulted in the waiving of hundreds of thousands of dollars of just and righteous claims of the client. If such were the law it would be impossible even to consent to the form of a decree or judgment, much less make a statement, and such a situation would be very disastrous to the public.

There are the usual pleas of mulcting which the infringer makes against the execution of the Statutes awarding a recovery to the inventor for infringement. While there is no foundation for these claims, it is interesting to note that the Ford Company has the right under its warranty contract (Ex. 296) with the Walcott Company to recover from the Walcott Company the amount of the judgment in the instant case if, as counsel for Petitioners assert, the Walcott Machine Company has continued in business (pp. 20-21 of the Ford Petition for Certiorari).

Nor can it be contended that Gordon elected to proceed against Walcott for the machines used by the Petitioner, if that made any difference, because, as we have shown, the machines used by the Petitioner were not included within the machines covered by the Walcott suit.

It results that the true question presented by the Petition is:

Can the Patentee's statutory right to collect from the user for infringement by the user be defeated by the refusal of the trial court to award an accounting against the maker and limiting the award against the maker to one dollar nominal damages for a period not including the Ford machines?

No evidence was suppressed: On page 27 of Petitioner's brief the Respondent is falsely charged with suppressing facts regarding the inefficiency of the embodiment of the

Gordon invention, illustrated in the Gordon patent, to turn certain non-geometric forms commercially, including those at the Jackson Motor Shaft Company and the plant of the International Harvester Company, and with further misleading the Court of Appeals in the Sixth Circuit into believing that the Gordon machine was the first to turn the pear-shaped cam on the cam shafts. This proposition was urged without success on all the Tribunals in the Patent Office and on all of the Courts.* This is reflected, first, in the decision of the Court of Appeals in the District of Columbia in *Melling vs. Gordon,* 4 F. (2d) 945, 946. The first contention was that the Gordon machine was inoperative because of the inability of the embodiment illustrated in the Gordon patent to machine all kinds of non-geometric forms without modifying it to adapt it to variant forms. The Court discussed the subject at length in the second column at page 946. The proposition was again urged upon Judge Westenhaver (*Melling vs. Gordon,* 14 F. (2d) 437). Judge Westenhaver discussed the question, calling attention to the fact that it had been urged unsuccessfully throughout the Patent Office proceedings and in the Courts in the District of Columbia, concluding with the following statement at page 438:

> "The additional evidence now presented clearly establishes not only the operative character of Gordon

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* The Gordon machine at the Jackson Motor Shaft Company was also used for turning the Ford tractor cam shaft (R. 1191); Ford at no time, at the Ford plant or elsewhere, ever made any effort to use the Gordon machine on either the T. model shaft or the A model shaft. Gordon recounted before the Patent Office and in all of the other litigation in this matter the sale of one of his machines to the International Harvester Company; while Gordon had no knowledge of the actual experience of his machines at the International Harvester plant (R. 1199) and International's experience was not before the Patent Office or these courts, that evidence is but cumulative.

& Redlin's apparatus, so much debated in the Patent Office, *but fully establishes its commercial practicability and acceptance in industry.*"

The proposition was again urged in the Walcott Case and the Court of Apeals in the Sixth Circuit devoted part of its opinion to a discussion and rejection of the proposition, mentioning the performance of the Gordon machine at the Jackson Plant (32 F. (2d) 58-59):

> "It is in evidence that Melling, the designer of defendant's machine, was called upon as an expert in mechanics to inspect one of the complainant's machines in operation at the plant of *the Jackson Motor Shaft Company.* Upon arrival he found that the tool left 'a lump on the work just below the nose of the cam' by reason of the rapidity with which the tool oscillated on turning the nose, and that the noise and jar of the bell crank lever falling upon the cam controlling this motion was such as to convince him that the design was impractical."

The same proposition was again urged and rejected in the instant case and, notwithstanding the evidence thereon, the Court of Appeals in the Sixth Circuit again held that the Gordon patent was a pioneer patent.

It is likewise false to charge that Gordon suppressed any evidence regarding the Ford shaper. This device and information concerning it was before the Courts below from the beginning to the certain knowledge of counsel for Petitioner.

The fact is that the Ford cam shaper was referred to in the first litigation under the Gordon patent (*Melling vs. Gordon Form Lathe Co.*, 14 F. 2d 437) to all of which the attention of petitioner has been frequently called and is therefore well known to petitioner. In that suit proof was offered concerning that Ford Cam-shaper and how it worked. This testimony was read into the record in the instant case (R. 292-296). That testimony was given in

1926. The fact is also that others engaged in the industry knew that the Ford Company was using Ford camshapers (R. 303) and Jones, of the White Motor Company, saw them in operation in the Ford plant in 1926 (R. 301). When the instant case was tried on the merits, the Ford camshaper and its operations were described at length; and the court below in sustaining Gordon's patent stated (87 F. (2d) 390, 391):

> "Even brief discussion of all the asserted new prior art in the present record would unduly extend this opinion. Full consideration thereof brings conviction of its insufficiency to warrant modification of our previous conclusion that the patentees were pioneers in disclosing means for oscillating the tool in synchronism with its reciprocatory movements and the revolution of the work by the use of an appropriately shaped cam, moveable frame, and bell crank lever tool support for use in cutting non-geometric forms and that the Walcott machine is an infringement."

These false charges, repeatedly made when they were known to be false, impelled the Master to comment that though the defendant made charges of a serious nature, "I have found them not well founded" (R. 93).

Even if evidence regarding this Ford shaper, the Jackson machine, the International Harvester machine, and other evidence falsely charged to have been suppressed, had not been before the Courts all through the litigation, there was no legal obligation on Gordon to furnish this information, especially when it was known to the defendants in the various litigations, and since, as all the Courts found, it is immaterial to any issue involved (*Toledo Scale vs. Computing Company,* 261 U. S. 399, 423).

The plain facts are that all of this evidence was not only well known, but was submitted to the Courts and the contentions here raised with respect to the same were re-

jected by the Courts for the reason that the evidence was immaterial to any issue involved in the case, a well established legal proposition which Petitioner has consistently refused to accept and now seeks to cover up by false charges of suppression. All of this evidence was collected and presented to the Court of Appeals in the Sixth Circuit in the instant case, and that Court, notwithstanding, reaffirmed its holding that the Gordon invention is a pioneer invention (R. Vol. V, p. 14; 133 F. (2d) 495).

Four things are apparent from these decisions: First, the charge that any of these facts were suppressed is false; second, the embodiment shown in the Gordon patent was not the flat failure that the Petitioner asserts but was, as the Court of Appeals in the Sixth Circuit said in the Walcott Case, merely "impractical" for the making of that particular kind of a cam, though highly practical and successful in making the kind of non-geometric cam it was specifically adjusted for; third, that the Courts held that the patented machine was the first to turn these cams in the face of and in full recognition of all of this evidence, and, fourth, that the embodiment of the Gordon invention included in the Gordon patent was highly successful in turning the particular kind of non-geometric form it was specifically adjusted to turn.

(d) Response to Petitioner's argument 6 A (d) (Petitioner's brief, pp. 32-34)—Respondent was prompt and vigilant in protecting its patent rights.

The Master found (R. 14-15) that no defense of laches was made by petitioner; and that there was no such neglect by Gordon of his patent rights as was present in those cases where laches was held a defense. Laches must be pleaded (Rule 8 F. R. C. P.) and laches was not pleaded.

The history of the Gordon litigation to sustain his pat-

ent rights, including all of his litigation with Melling and with the several automobile manufacturing companies whom he had to sue, as well as the present suit against Ford, overwhelmingly sustain the finding of the Master on this point.

As pointed out heretofore, the Master found that Gordon neither manufactured nor sold a machine of his make after the issuance of the patent to him (R. 12). Under these circumstances the rule is that Gordon therefore was required to give no notice to the defendant after the patent issued. *Wine Railway Appliance Co. vs. Enterprise Railway Equipment Co.*, 297 U. S. 387.

Prior to the issue of the Gordon patent, Gordon marked the numerous Gordon machines "Patent Applied For". This marking was on the Gordon machine which was at the plant of the Ford Company for sometime in 1924 where all could see the marking. When the Ford Company told Mr. Gordon that it would install and use the infringing Walcott machine, Mr. Gordon told the Petitioner that this machine embodied his invention and had already been held by the Patent Office to come within the patent claims which had been allowed Mr. Gordon in the application from which the patent issued. Mr. Gordon testified as to the time and place of this oral notice and the Ford Company never denied the notice or the other testimony relating thereto. As soon as the patent issued, Gordon mailed notices of infringement to each of those who were using the infringing Walcott machines (R. 1673). He was very particular to mail such a notice to the Ford Company because he was indignant at Petitioner's defiance of his rights and because he wished to confirm the oral notice which he had given. The notice which he mailed to the Ford Company was never returned by the United States mail authorities as were certain other notices which he mailed at the same time to those who had become extinct. The Ford Company never denied receiv-

ing this notice, although the Ford Company claimed that an investigation of certain of its records years after the notice was mailed did not develop the notice. Soon after the patent issued the litigation which had for its main issue the identity of the Walcott machine with the Gordon machine, the infringement of the Gordon patent claims by the Walcott machine, the inclusion of the Walcott machine within the metes and bounds of these claims, commenced and continued to general notice and knowledge up until at least after the rendition of a decision of the Court of Appeals in the Sixth Circuit in the Walcott case April 2, 1929. After this date Gordon served still another notice on Ford repeating the notice of infringement and adding thereto the decision of the Court of Appeals in the Sixth Circuit holding the Gordon patent valid and infringed by the Walcott machine and inviting settlement.

The Master also finds (R. 82) that by and large Gordon has taken the normal course in enforcing its patent rights. Melling commenced suit under R. S. §4915 against Mr. Gordon in Milwaukee before the patent issued to Gordon. This suit was dismissed by Melling. Two days later Melling then sued Mr. Gordon in Cleveland under R. S. §4915, 14 F. (2d) 437. Mr. Gordon prevailed in that action. Gordon then sued Walcott, the manufacturer of the infringing machines; and after the decision of the Court of Appeals in that case, 32 F. (2d) 55, April 2, 1929, he gave actual notice to Ford (June 12, 1929, R. 1684); and in that notice invited settlement. The Master found that Ford continued to use these infringing machines after this notice, up until March 16, 1931 (R. 16), in spite of the decision of the Circuit Court of Appeals in the *Walcott* case. The infringing machines which Ford was using were of identical design as the machine which the court of Appeals held infringing in the *Walcott* case. On November 18, 1930 counsel for

Gordon wired Ford to the effect that Gordon had settled with General Motors and other automobile companies, and notified Ford that counsel had been instructed to file suit against Ford, and proposed a conference with Ford's attorneys to discuss possibilities of settlement (R. 1525). This wire was delivered to Ford on November 18, 1930 (R. 1526). Ford was then still infringing, having purchased the last six infringing machines in the months of January to April, 1929 (R. 139). Ford remained silent in the matter, still continuing to infringe, and suit was commenced against it on December 3, 1930, praying for injunctive relief restraining the defendant from using or selling the infringing machines.

There is no laches present in this case. In fact, as the Master found, Gordon followed the normal procedure to protect its rights to its patent.

(e) Response to Petitioner's argument 6 A (e) (Petitioner's brief pp. 34-42) Birdsell vs. Shaliol, 112 U. S. 485.

It has been pointed out heretofore that Gordon made no compromise settlement or agreement with Walcott. The Petitioner's whole argument to the effect that *Birdsell vs. Shaliol,* 112 U. S. 485, does not apply in this case is predicated upon what it claims to be the rule to the effect that a release of one joint tortfeasor releases all the tortfeasors. Since there was no agreement, there was no release; since the Ford-Walcott machines do not fall within the Walcott accounting period, there was no release if there had been an agreement.

The rule in *Birdsell vs. Shaliol* is as follows (112 U. S. 485, 488, 489):

> "If one person is in any case exempt from being sued for damages for using the same machine for the making and selling of which damages have been recovered against and paid by another person, it can only be when *actual* damages have been paid, and upon the theory that the plaintiff has been deprived of the same property by the acts of two wrongdoers, and has received full compensation from one of them. In that view, the case of the patentee, whose right of property under his patent had been invaded, would be analogous to that of one from whom personal property had been taken."

Birdsell vs. Shaliol was cited by this Court as authority in 1921 in *Union Tool Co. vs. Wilson,* 259 U. S. 107, 113. The rule in *Birdsell vs. Shaliol* has been almost universally followed by the lower Courts.

See:

Westinghouse Electric Mfg. Co. vs. Mutual Life Insurance Co. of N. Y. (C. C. N. Y. 1904), 129 F. 213;

Electric Gas-Lighting Co. vs. Wollensak (D. C. Ill. 1895), 70 F. 790.

Fisher et al. vs. Consolidated Amador Mine (C. C. Cal. 1885), 25 F. 201;

U. S. Printing Co. vs. American Playing Card Co. (D. C. Mich. 1895), 70 F. 50;

De Laski & Thropp Circular Woven Tire Co. vs. Empire Rubber & Tire Co. (D. C. N. J. 1916), 239 F. 139.

Stebler vs. Riverside Heights Orange Growers' Ass'n., 214 F. 550, offers Petitioner no support for its contention in this matter. In that case the Court of Appeals reversed the decision of the lower Court and granted the patentee the relief claimed for; and thereafter an interlocutory decree was entered in the lower Court providing for an accounting. No proceedings were thereafter taken

by the patentee pursuant to that decree. However, the patentee, soon after the decision of the Court of Appeals and before the entry of the interlocutory decree in the lower Court, brought twenty-seven suits in equity against users of the machines manufactured and sold by the defendant in that case. The Court granted an injunction against bringing these suits and continued that injunction (214 F. 550, 556) "until the rendition of the judgment of the Court upon the Master's report on the accounting * * *." And the Court particularly pointed out (p. 553) that there is no controversy in the case as to the financial ability of the defendants to respond to whatever judgment may be finally rendered against them upon the final hearing of the case. The Court points out that the rule in *Birdsell vs. Shaliol, supra,* is in no respect inconsistent with the views of the Court. The decision of the Court in the *Stebler* case is probably grounded on general equity rule, that is, to prevent multiplicity of suits.

In the instant case, the decree in the *Walcott* case (R. 1670-1672) is to the effect that Walcott was not financially able to respond to a money judgment for damages and/or profits.

Nor does *Steam Stone-Cutter vs. Sheldons,* 21 F. 875, and its associated cases, support Petitioner's contention. In that case there was a decree against the infringing manufacturer, the decree being for profits on the sales. The decree was satisfied in part by the payment of money and in part by a levy on real estate. The execution for the enforcement of the decree against the manufacturing defendant had been returned satisfied, and the Court points out (p. 877) that the execution has not been revived as not actually satisfied. The Court finally holds (pp. 877, 878) that the return of the execution as satisfied is plenary evidence of its satisfaction while it stands. The decision of the Court in this case is not at variance with the rule in

the *Shaliol* case; but even if it were, it precedes the decision in the *Shaliol* case by about three months. In the *Steam Stone-Cutter Co.* case, the Court found that the patentee had received full recovery against the infringing manufacturer. This is not so in the Gordon case against Walcott.

The Michigan Law Contention: Petitioner is again wrong on the (1) facts and (2) the law.

(1) Petitioner finds that it is not enough to visualize a compromise agreement out of the whole cloth and then visualize the terms thereof also out of the whole cloth, but Petitioner finds that it must, to attempt to avoid the ancient and honorable doctrine reannounced by this Court in *Birdsell vs. Shaliol, supra,* visualize in addition and also out of the whole cloth *an effecting in the State of Michigan* of this hypothetical agreement employing these hypothetical terms. All is visioned; none is real and none is supported by the record.

There is only one analogy, but that is very illustrative:

One of the early minor American Evangelists was in the habit of charging that the devil hung his arguments on a sky hook which was anchored in a zero with the ring filed out.

Here Defendant hangs its contention upon the sky hook of the visualized compromise agreement which is anchored to the zero of the visualized terms and the zero is filed completely out when it is necessary to visualize that the hypothetical agreement with the hypothetical terms *was effected* in the State of Michigan in order to attempt to dodge the rule of general law—not patent laws only—an-

nounced and followed by the other courts in decisions ancient and current, including *Birdsell vs. Shaliol.*

The Michigan authorities cited by Petitioner (its brief, p. 37) indicate that the rule in that state is that where one having a cause of action against several joint tort-feasors, settles with some of them and discharges others from liability, the others are released. *McBride vs. Scott,* 132 Mich. 176, 93 N. W. 243; *Sunlin vs. Skutt,* 133 Mich. 208, 94 N. W. 733. The law in Michigan is no different on this point than is the rule followed in the Federal Courts. In *MacDonald vs. Henry Hornblower & Weeks,* 268 Mich. 626, 256 N. W. 572, the Court states:

> "The law of joint tortfeasors has been the subject of many refinements of reasoning and much conflict of opinion. 27 A. L. R. 805; 50 A. L. R. 1057; 65 A. L. R. 1087; 66 A. L. R. 206; 26 R. C. L. 765. The underlying principle is that the tort is single and the cause of action indivisible and exists against all feasors or none. The English rule was that action against one, pursued to judgment, was a bar to action against the others. The doctrine approved by the weight of authority in this country is that the injured party is entitled to actual satisfaction for the wrong; and, although separate suits may be brought, judgment against one, until, satisfied, does not bar suit against others. Such is the rule in this state. Verhoeks vs. Gillivan, 244 Mich. 367, 221 N. W. 287, 65 A. L. R. 1083."

The rule in the Federal Courts is that set forth by Judge Kenyon in *Dowagiac Mfg. Co. vs. Deere & Webber Co.,* 284 F. 331, where Judge Kenyon states the rule (p. 337) as follows:

> "The rule as to joint tort-feasors is elementary that, where there has been a complete recovery against one joint tort-feasor and satisfaction of the same, there cannot be recovery for the same thing against the others. The doctrine is based on the

theory that plaintiff is entitled to but one satisfaction for his injury. It is well established in the United States Courts that, to operate as a release of one joint tort-feasor, a judgment against another tort-feasor must be satisfied. There can be as many judgments as there are tort-feasors, but there can be only one satisfaction. The prevailing doctrine is well established that separate suits may be brought against joint wrongdoers. One suit is not a bar to the other, until there is satisfaction of judgment."

There was no complete satisfaction by Walcott to Gordon. Judge Kenyon was very careful to point out in *Dowagiac Mfg. Co. vs. Deere & Webber Co.* (p. 338) that the rule applying in cases where judgment for damages and satisfaction thereof has been had does not apply to the recovery merely of *nominal damages.*

Petitioner apparently concedes that *Birdsell vs. Shaliol* is applicable here. Otherwise, Petitioner would not have sought to render that rule inapplicable, as Petitioner does (Petitioner's brief, p. 37 et seq.) by reference to the Michigan cases. Upon analysis of these cases they state no different rule from that of *Birdsell vs. Shaliol.*

Petitioner's argument on this branch of the case must fail. It is grounded on a release of one of two tortfeasors accomplished through some sort of a compromise agreement. There was no such compromise agreement, nor was there any such release. The case of *Wagner Sign Service vs. Midwest News Reel Theatres,* 119 F. (2d) 929, cited by Petitioner likewise does not aid the Petitioner on this branch of the argument. In that case the manufacturer gave a supersedeas bond on its appeal from judgment on infringement. The Court treated that bond as (p. 931) an assurance to Wagner

"that if finally successful in his litigation, he would be fully compensated for all damages and profits

occasioned by the manufacture and sale by Adler of the infringing device, to the time of final accounting."

Consequently, the patentee in that case could not be injured by any failure to recover full damages and profits because the bond covered that, as the Court pointed out. That was not the situation in the *Walcott* case.

B.—Point 2—On the proposition that an infringer is liable for actual and not possible gains.

(a) Response to Petitioner's argument 6 B (a) to (d) (Petitioner's brief pp. 43-55)—Petitioner was entitled to no deduction for the alleged straightening operation.

The claim of the petitioner to the effect that there was a compromise agreement reached between Gordon and Walcott is predicated upon an excerpt from the decision of the Circuit Court of Appeals, which excerpt was not material to the decision of that court and which did not relate to Petitioner's infringing machines; and this claim was asserted even though the Court of Appeals affirmed the lower court and the Master's findings to the effect that no such settlement was made.

Like the petitioner's claim with respect to this alleged compromise agreement with Walcott, so also with its alleged claim that it is entitled to a deduction for a straightening operation, it seizes upon (its brief, p. 44) para. (1) of the Master's summarization of the evidence relief upon in support of the claim. Petitioner points out that the Master's summarization under point (1) is incorrect (Petitioner's brief, p. 48).

The Master, in stating the issue on this straightening operation, correctly states petitioner's claim ahead of his

summarization of the evidence. This statement appears (R. 40)—

> "The issue as to straightening is an important one, since it is largely responsible for the difference between the loss found by defendant from the use of the Walcott lathes on the Model T shaft and the profits in excess of $40,000 claimed by plaintiff. It appears that at several points in the manufacture of a camshaft the shaft becomes slightly crooked, and it is necessary to straighten it before performing certain operations upon it. Consequently, there have always been several straightening operations in producing a camshaft, but the claim here is that an extra one immediately preceding the cam-machining operation was required with the Walcott lathes, which was not necessary with the shaper. The evidence relied upon in support of this claim can be summarized as follows: (1) the fact that such operation appears upon the only time study for the *shapers* in evidence taken in 1924 is omitted from a time study taken later in the year after installation of the *Walcotts;*" (Italics ours.)

The Master found that the straightening operation was performed on the infringing Walcott machines. He finds (R. 41)—

> "I therefore reject this operation as an element of the cost of using the infringing machines, *not on the ground that it was not added upon their installation (because I think it was),* but rather on the ground that its addition was not attributable to differences between the two machines." (Italics ours.)

The Master's misstatement in summarization of the evidence, before he reaches his finding in this matter, and after he had correctly stated the petitioner's claim to the effect that the straightening operation was required on the infringing machines, is wholly immaterial. The Court of Appeals correctly understood the position of the parties in this case. The Court of Appeals understood that the Mas-

ter had found on the evidence that this straightening operation was added about the time the infringing machines were put into use. The Court of Appeals states (133 F. (2d), 487, p. 498)—

> "The Master found that the Ford Company used an additional straightening operation on the shafts after it began using the infringing Melling-Walcott machines, * * *."

This recital of the Master in the summarization of the evidence is wholly immaterial in this case since the Master found the fact *in favor of the petitioner with respect to the addition of the straightening operation.* The finding of the Master and the courts that denied the petitioner's claim in this branch of the case was the Master's *finding that the additional straightening operation was not occasioned by reason of the differences inherent in the two machines; but was added by the petitioner to improve the workmanship on the product.*

Nothing could better evidence the wisdom of the rules and practice to the effect that a reviewing Court will not disturb the concurring findings of fact below supported by evidence than the highly technical discussions relating to machines and accounts at pages 46 to 55 of Petitioner's brief. These technical questions of facts and accounts were gone into very carefully by the Master who saw and heard the witnesses and the exhibits; all were decided against the Petitioner by the Master by the District Court and the Court of Appeals.

The Court of Appeals discussed this straightening issue and affirmed the lower court and the Master in denying petitioner's claim for a deduction on account of this straightening operation. The Court's discussion is set forth in 133 F. (2d) 487. The Court states as follows (p. 498):

"The Master found that the Ford Company used an additional straightening operation on the shafts after it began using the infringing Melling-Walcott machines, and that the labor cost thereof was the amount claimed by the Ford Company in its accounts but he found that the additional operation was not attributable to the difference between the use of the infringing machines and the shaper. The witnesses for the Ford Company testified that the infringing machines could have been made to operate precisely as the shapers with the installation of steady rests, which would have eliminated the additional straightening operation. The item here claimed, if allowed, would largely make up the loss which the Ford Company insists it sustained by the use of the infringing devices instead of the shaper, and it is a fair presumption if its contentions are sound, it would have preferred to use the shaper rather than the infringing device.

"Every reasonable presumption is in favor of the Master's report as to profits made by an infringer based on oral testimony and his report is not to be set aside unless error clearly appears. We find no such error."

In asserting its right to deduct the cost of this straightening operation from the profits it received by reason of its use of the infringing machines, the petitioner argues that this straightening operation was actually used with the infringing Walcott machines but was not used with the Ford cam shapers. The petitioner also argues that this straightening operation was added because of the different characteristics of the two machines. Relying on the rule in *Tilghman vs. Proctor,* 125 U. S. 136, 146, to the effect that the infringer is liable for actual but not possible gains, the petitioner takes the position that it is entitled to a deduction for its alleged straightening operation.

The difficulty with petitioner's position on this issue is that it did not prove to the satisfaction of the Master or the

Lower Court or the Court of Appeals that this alleged straightening operation was added because of its use of the infringing machines. Its proof fell far short of meeting this burden.

Petitioner's claim is that it did not have to straighten the T-shafts before they were machined on the old Ford cam shaper, and that it had to straighten the T-shafts before these shafts could be machined on the infringing Walcott machine. *This claim for a deduction is an afterthought; the claim was injected into these accounting proceedings only after the Petitioner had filed its first account.* All during the main trial in this case petitioner praised these infringing Walcott machines and took the position that they functioned perfectly. When petitioner filed its original account in this matter, in answer to Q. 34 (R. 144) propounded by the Master, no claim of deduction was made, for this straightening deduction. The petitioner thereafter employed some certified accountants who were not at all familiar with the petitioner's business, and these accountants "dug up" two operation or time sheets, the first being Petitioner's Exhibit M (R. 1432-1433). This operation sheet is dated April of 1924, and the shaping operation on the Ford cam shaper is listed as operation No. 12. There is no straightening operation there listed as preceding this operation. The next operation sheet that these accountants found in Petitioner's Exhibit N (R. 1434-1435), which is dated October 10, 1924, and operation No. 13 there listed is termed "Turn Cam Lathe." This operation sheet has a straightening operation listed immediately preceding the turning operation, the straightening operation being No. 12. On the strength of these two operation sheets, together with the evidence with respect to the fact of straightening, which some of the petitioner's witnesses gave to the accountant, the petitioner amended its account, and in re-

sponse to Q. 34 it gave an amended answer (R. 164) in which the petitioner claimed that a straightening operation was required prior to the turning operation on the infringing machines.

The right to this claimed straightening deduction depended upon what the fact was as to the necessity of adding this operation because of petitioner's use of the infringing machines. The petitioner claimed it had to add this operation because of its use of the infringing machines. Here, then, was a question of fact which was sharply disputed.

The Master pointed out the error in Aptekar's testimony (R. 555) when the Master stated:

> "When you straighten the shaft in a press, you press it in the other direction, you get a bow opposite to the one you have in the crooked shaft and then it springs back to normal."

Aptekar admitted this. The Master then pointed out that you did not get that effect in a shaper because the most the pressure could do would be to press the cam shaft down on the steady rests while it was being cut and that upon release of the pressure the shaft would spring right back to the bow shape again. Aptekar admitted this (R. 555).

Pioch's department was never consulted about the straightening required (R. 672). He also testified that straightening would also cut down on the grinding time and result in fewer shafts being scrapped (R. 673), and in response to a question of the Master, Pioch testified that the addition of this straightening operation would have resulted in a better product which would have satisfied consumers of the petitioner's machines to a greater extent than before (R. 673). Pioch also testified that the tolerances on petitioner's A production were much more rigid than on the T production (R. 673). Pioch also testified (R. 703) that there were a lot of improvements made during the time

petitioner was producing T-models; and that from 1909 to 1923, while petitioner was producing the T-model (R. 703) there were changes in tolerances.

Aptekar testified (R. 555) that the shaft was as crooked after it had been shaped on the Ford cam shaper as when it was put in.

Gordon testified that the same requirements for straightening existed in any kind of a machine that was going to form the contour of the cams (R. 1205-6); and that there was no more occasion for straightening the shafts for one machine than there was for straightening them for another machine. He pointed out (R. 1207) that unless the cutting tools in the shaper were very dull, on the second cut they would not spring the work down in the shaper; and consequently the cams would not be concentric with the bearings (R. 1207).

Sloniker testified (R. 312) that to his knowledge, and he had worked on many cam shafts in different automobile factories,

> "Before a cam shaft goes to the grinding operation, or a rough turning operation, the shaft must be straightened."

Counsel for petitioner could not answer the question put by Judge Tuttle on the hearing before him on the exceptions to the Master's report. The question is this—If the shaft was bowed when it was put into the Ford cam shaper, how could the shaper tools exert pressure to straighten that shaft or hold it straight while cutting when the tools move longitudinally of the shaft, attacking the cams from the side, and at the beginning of the cutting stroke occupy the space between the cams and are not even in contact therewith? Assuming the shaft is bowed upwardly away from the steady rest, it is obviously a physical impossibility for the

tools at the instant they engage the cams, approaching them as they do from the side, immediately to force the upwardly bowed shaft down firmly on the steady rest. The tools will initially strike the cams with the shaft in its maximum bow shape with the result that the first portion of the cut will be heavier and deeper than desired, in many cases conceivably below the finished contour of the cam, and then as the tools continue the cut across the cams the full pressure will be gradually applied to the shaft, the tools taking a lighter and lighter cut and leaving the work at a higher point on the opposite sides of the cams. Judge Tuttle used his penknife to demonstrate the fallacy of defendant's position.

The Master heard all of this testimony. He observed the witnesses; he examined petitioner's operation sheets; and he carefully and painstakingly examined some of these witnesses, particularly Brush, Gordon, and Aptekar. After reviewing all this testimony, he makes the following finding (p. 41):

> "The conclusion I draw from this and other evidence not detailed here is that while the use of the Walcott latches may have been the occasion for adding the straightening operation, it was not the underlying cause for doing so, the operation being rather attributable to improvement in defendant's standards of workmanship. * * * *I therefore reject this operation as an element of the cost of using the infringing machines, not on the ground that it was not added upon their installation (because I think it was), but rather on the ground that its addition was not attributable to differences between the two machines.* I recognize the rule that an infringer need account only for actual and not reasonable profits (*Tilghman vs. Proctor, supra,* and many other cases); but in making a comparison between two types of machinery similar factors on both sides should be kept constant, and the actual operation of the in-

fringing machines should not be weighed against a theoretically ideal operation of the standard of comparison." (Emphasis supplied)

This issue on straightening is purely one of fact. There was a sharp dispute in the testimony as to the underlying reason for straightening. Under Rule 53(e)(2) of the Rules of Civil Procedure, this finding of the Master, as affirmed by the courts, should not be disturbed. That rule is "that in an action to be tried without a jury a court shall accept the Master's finding of fact unless clearly erroneous. * * *" The Court of Appeals followed this rule.

The Master's finding here, based on this disputed testimony, was accepted by the various courts after thorough argument. The petitioner here sought a deduction from the profits it made from the use of the infringing machines. In *Elizabeth vs. Pavement Co.*, 97 U. S. 126, a deduction was claimed for profits made on other work. The court says (page 142):

> "As this is not explained in any satisfactory way, we think the Master did right in rejecting it."

The Master was not compelled to substitute guesswork for petitioner's failure of proof. *Computing Scale Co. vs. Toledo Computing Scale Co.*, 279 F. 648, 677. With respect to all deductions, the burden was on petitioner. *Klooster, Patent Accounting,* states the rule as follows:

> "In the usual case the plaintiff discharges his burden of proof by showing the gross sales from the statement of account which the defendant has filed or otherwise, and, after considering cost of goods sold, by further showing that a profit was realized; *and the burden of proving deductions challenged by the plaintiff is upon the defendant.*" (p. 132)

On this branch of the case, petitioner's whole argument on its claimed right to this straightening deduction rests on its claim that the straightening operation was added about the time that it began to use the infringing machines. As the Court of Appeals pointed out, it is rather difficult to see why the petitioner did not go back and use the old shapers, if, as a result of this straightening operation, it lost money on the use of the infringing machines. Still it tenaciously clung to the use of these infringing machines all during the infringing period. The fact is that after petitioner bought the eighteen infringing machines in 1924, it was then occupying its Highland Park Plant. In November 1924 (R. 591) it moved from the Highland Park Plant to the Rouge Plant, and it put the shapers back in running condition at the Rouge Plant in 1924 (R. 591) to keep up production until it got these infringing machines shipped to the Rouge Plant and set up and running. If the fact is, as pointed out by the Circuit Court of Appeals, that the petitioner was losing money on the use of the infringing machines because of this straightening operation, why did it reinstall these machines after it went to the Rouge Plant in late 1924? Its own experience in this case is at variance with its contention now.

Petitioner had the burden of proving that this straightening operation was made necessary by the use of the infringing machines, *but the Master found* (R. 41) *that the operation was attributable to the improvement in petitioner's standards of workmanship.* It installed this straightenting operation in order to have better workmanship.

It would be just as logical here for the petitioner to claim a deduction from its profits which it received by reason of the use of these infringing machines under these assumed circumstances: Assume that about the time petitioner began the use of these infringing machines and during the

period of the patent, it decided to use a much higher priced steel than it had theretofore used, although the use of this steel was not essential or necessary by reason of the use of the infringing machines. It would be just as logical to claim a deduction for the additional cost of this steel as it is to claim the cost of the straightening operation here. Neither of them would be attributable to the use of the infringing machine.

C. Point 3—Apportionment.

What we have just said about the portion of Petitioner's brief on pages 46 to 55 applies to the entire discussion of Point 3.

From the repeated attacks in this section on the validity of the Gordon patent and the holdings of infringement, it is manifest that the entire discussion is no more than a vehicle to carry repeated challenges of the holding of validity and infringement of the numerous fact finding Tribunals and the numerous decisions below.

Time and again throughout this section Petitioner asserts that findings of the Master are "not in accordance with the facts," thus making plain that throughout the section the challenge is of facts found by the Master and approved by the District Court and the Court of Appeals.

Except in one instance there is no claim that the fact findings are not supported by evidence. Always the claim is that the Master's finding of fact on conflicting evidence is erroneous. The exception is the claim that there is no evidence to challenge the testimony of the Petitioner's professional expert that no advantages were due to the Gordon machine. This claim is but a repetition of the error that the Gordon invention is confined to the particular embodiment of the Gordon invention illustrated in the patent.

The law is, however, otherwise. The claims define the metes and bounds of the invention as this Court has held in decisions ancient and current. The infringing machine is still as much an embodiment of the Gordon invention as the machine illustrated and described in the Gordon patent, as we have pointed out elsewhere in this brief. This claim also flies in the face of the facts in that, as we have pointed out elsewhere in this brief, the embodiment of the Gordon invention illustrated in the patent was successful in turning many of the Ford cams and successful in turning all of those cams upon which it is said to have failed commercially except a very small part of the cam. Petitioner's professional expert merely adopted and followed the subterfuges of the Petitioner in the premises and which succinctly are insisting that the Gordon patent is limited to the embodiment illustrated in the patent notwithstanding the repeated holding of the Courts that the Gordon invention was a pioneer and that the Gordon patent is generic and entitled to liberal construction certainly broad enough to include the infringing machine, and, second, that because the embodiment of the Gordon invention shown in the Gordon patent was not capable of turning all kinds of non-geometric forms commercially it was a failure; in other words, in seeking to dam as a failure a pioneer invention merely because any and every embodiment of that invention is not capable of performing commercially to the satisfaction of Petitioner. Notwithstanding each of these propositions has been ruled upon by numerous Courts below contrary to the Petitioner's contention, the Petitioner here presumes to assume that these Courts are wrong and proceeds to present its contentions just as if all of these Courts were wrong on these points.

(a) Decision of the courts below on the apportionment question.

The Master, the District Court and the Court of Appeals denied Petitioner an apportionment of profits. Petitioner makes this claim here again for apportionment of the profits and damages. Petitioner's argument on this branch of the case is set forth in its brief on pages 55 to 78. On this branch of the case, the Court below stated as follows (133 F. (2d) 487, 493):

> "The present patent as heretofore found by this court in generic. 32 F. 2d 55, 58. Gordon and Redlin taught and gave to the industry a new method for shaping camshafts, which contributed substantially to the mass production of automobile engines. It is true that the Gordon-Redlin machine as originally described in their patent drawings and specifications had only a moderate degree of success in shaping camshafts for the Model A cars, because of the sharper points of the cams used in that model and it is equally true that Melling, a mechanic of considerable ingenuity and experience, acting on the Blanchard principle [32 F. 2d. 55, 59] improved the Gordon machine so as to make it operate with complete success.
>
> "There is such a thing as second-hand improvements. Some inventors, musing on the accomplishments of others, have unconsciously adopted their inventions as their own. Under these circumstances, the new conception is like the original but for which it never would have existed; still, it is sometimes sufficiently different from the original to be a new thing, not a reproduction of the old and it is a creation though so to say a suggested creation.
>
> "Melling was working to improve Gordon's machine and was successful, but his accomplishment was not a creation and was not sufficiently different from Gordon's to say that the fruit of Melling's mechanical tree was the only fruit that the Ford Company gathered. Melling's improvements were not

grafts on Gordon's patent tree, but only a limb upon it.

"The finding of the Master that the Ford Company enjoyed a savings from its infringement of the Gordon patent is supported by the overwhelming weight of the evidence. The Ford Company does not dispute the fact that it attained substantial savings in cost through the use of the Gordon machine with the Melling improvements upon it.

* * * * * * *

"In the case at bar, The Gordon Company proved that the Ford Company made profits by decreasing its manufacturing costs by using the patented machine and having shown this fact, the burden returned to the Ford Company to show that a portion of these profits was due to the use of a part of the machine not covered by the Gordon-Redlin device. This burden is met. To this point, the respective parties have carried the burden resting on each of them, but The Gordon Company having shown the commingling of profits by the Ford Company, and it appearing that the latter company failed to keep records or to supply evidence that would disclose what proportion of the profits arose from the infringing devices and what proportion, if any, from Melling's improvements, the burden again returned to the Ford Company which it has failed to carry and such failure creates an unavoidable liability. Horvath vs. McCord Radiator & Mfg. Co., supra."

The Court of Appeals then held that Gordon proved that the Ford Company made profits by decreasing its manufacturing costs through its use of the infringing machines; that the burden was on Ford to allocate and apportion those profits; and that it failed to make such apportionment. The Court refused to grant Petitioner any apportionment.

In this case Gordon proceeded exactly in accord with the procedure outlined in *Horvath vs. McCord Radiator & Mfg. Co.* (6th Cir.), 100 F. (2d) 326. In that case the Court, speaking of the burden of proof, stated as follows (p. 330):

> "The burden is on Horvath to prove that McCord made profits by the use of his patented machine, and having sustained it, McCord must then show that a portion thereof was due to the use of processes not covered by Horvath's patent, and if successful, it then devolves on Horvath to apportion the profits attributable to the use of his patented machines, or demonstrate by the weight of the evidence that such profits are so inextricably commingled as to defy apportionment. The burden then returns to McCord."

Gordon here followed that procedure. It proved Petitioner's profits resulting to it from the use of the infringing Walcotts. Under the rule above set forth, there then devolved upon the Petitioner the burden of showing, if it could, that a portion of those profits was attributable to the use of something other than Gordon's invention. This burden the Petitioner at no time assumed or fulfilled. It first tried to show that it derived no profits at all from the use of the infringing Walcotts, and it still maintains that position before this Court. In the alternative, Petitioner argued that if there were any profits, all of the profits were attributable to its use of something other than Gordon's invention. The Master well understood this position of the Petitioner and summarized this position as follows (R. 70):

> "• • • Defendant's evidence on the issue consisted almost wholly of expert testimony that, since the Gordon machine was not operable on the Ford camshaft, 100% of the value of the infringing machine to defendant was attributable to the Melling improvements. This does not seem to me to be a

> sound conclusion. * * * The error in this reasoning is that it confuses the whole with one of its parts; it evades the problem, as expressed in the *Cincinnati Car* case, *supra* (p. 594), 'quantitatively to allocate the joint product of two factors, each a condition to the result.' "

The Petitioner tried to do here exactly what the Defendant tried to do in *Flat Slab Patents Co. vs. Turner,* 285 F. 257, where the Court said (p. 282):

> "* * * It may be further noted that the offer of defendant was not to show what portions of a combined profit were due to these column heads but was to prove that all, or substantially all, of the profits was due to them. This was on the theory that the Norcross construction was commercially impractical without these so-called improvements. In short the issue would have been the virtual utility of the Norcross construction. The master and the court were right in refusing testimony on this point."

(b) to (f)—Response to Petitioner's argument 6 C (b) to (f) (Petitioner's brief pp. 56 to 78).

The so-called added features or "improvements" upon which Petitioner bases its claim for apportionment are claimed by Petitioner to be inherent in Melling's Patent No. 1,512,995 (Exhibit 312, R. 1640-7), relating to two-cut mechanism, and Patent No. 1,655,655 (Exhibit 209, R. 1558-66), relating to a change in the tilting of the tool.

The infringing machine which the Petitioner used during all of the period covered by this accounting is a machine of the identical type as the machine which was before the Court of Appeals in *Gordon Form Lathe Co. vs. Walcott Machine Co.,* 32 F. (2d) 55, as the Court pointed out in *Ford Motor Company vs. Gordon Form Lathe Co.,* 87 F. (2d) 390.

The Petitioner's claimed improvement with respect to Melling's change in the tilting of the tool formed the

principal basis of the Petitioner's claim for non-infringement in *Gordon vs. Walcott.* The Court there rejected that contention, saying (32 F. (2d) 55, 60):

> "In the Melling machine the pattern is a replica of the finished work, and the spring tension impels the frame toward the work, holding the guide plate firmly against the pattern. In the complainant's machine the work and pattern cam are on opposite sides, respectively, of the tool and the roller member controlling the reciprocatory movement. The spring urges the frame away from the work, thus holding the bearing tightly against the pattern cam. In the complainant's machine, therefore, the pattern cam is not a replica, but substantially the reverse in shape, to the pattern of Melling. The principles, however, are identical. • • •
>
> "The principle of the Blanchard lathe produced reciprocating movement only, which was inoperative to cut with a single tool a nongeometric figure upon the revolving work, unless the tool were also given oscillating movement to maintain the normal angularity of the tool to the work. *To produce this oscillation Melling turned to and appropriated the cam and bell crank lever construction of the complainant, thus producing the desired end by practically identical means used by Gordon.* • • •
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> • • • • • • •
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> "Tersely expressed, our opinion is that Melling accomplished the same result as Gordon, perhaps more efficiently mechanically, but nevertheless by the employment of substantially the same means, or their equivalents, operating in substantially the same manner. This has universally been held to constitute infringement, and we so hold."

Thus the Petitioner's claim, upon a fair analysis, for apportionment here, rests upon the same contention which was urged on and rejected by the Court of Appeals in the *Walcott* case.

Petitioner's position in this accounting does not differ essentially from the position of the infringing defendant in *Flat Slab Patents Co. vs. Turner,* 285 F. 257. The Court rejected that position in that case, and states (p. 282):

> "Defendant claims that all or part of the profits arose from the improvements made by him. • • • In the hearing on the interlocutory decree defendant urged these very features as distinguishing the old Turner construction from the patented construction. This court then held to the contrary. It is true that the court should not settle in advance, by the interlocutory decree, matters which are connected *purely* with the accounting and are not directly involved in the points then before the court. *But these features formed the backbone of the defense to the charge of infringement.* The court was compelled to pass upon their relation to the patent. • • • We cannot, in the accounting, revise this determination nor whittle down its practical effectiveness by declaring an excess in width of the rod belts, if there is such, as an 'improvement,' without the patent, for which no recovery can be had."

Gordon has consistently maintained that the Petitioner here is entitled to no apportionment of the profits it received from the use of the infringing Walcotts. Gordon maintains, as the Court of Appeals held, that Melling accomplished the same result as Gordon by the employment of substantially the same means or their equivalents operating in substantially the same manner; and that under the patent law, Melling's conception (as embodied in the infringing machines) and Gordon's are one and the same thing. It has been held in *Machine Co. vs. Murphy,* 97 U. S. 120, that (p. 125):

> "Authorities concur that the substantial equivalent of a thing, in the sense of the patent law, is the same as the thing itself; so that if two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the

same, even though they differ in name, form, or shape. *Curtis, Patents* (4th ed.), sect. 310."

Petitioner's claim to an apportionment of the profits it received from the use of the infringing machines, to the extent that it rests on the same "change in the method of tilting the tool," rests on no firmer ground than did Melling's defense to infringement.

In *Westinghouse Co. vs. Wagner Mfg. Co.*, 225 U. S. 604, this Court formulated rules governing apportionment of profits. Those rules are (p. 614):

"(a) Where the infringer has sold or used a patented article, the plaintiff is entitled to recover all of the profits.

"(b) Where a patent, though using old elements, gives the entire value to the combination, the plaintiff is entitled to recover all the profits. *Hurlbut vs. Schillinger*, 130 U. S. 456, 472.

"(c) Where profits are made by the use of an article patented as an entirety, the infringer is liable for all the profits 'unless he can show—and the burden is on him to show—that a portion of them is the result of some other thing used by him.' *Elizabeth vs. Pavement Co.*, 97 U. S. 126.

"(d) But there are many cases in which the plaintiff's patent is only a part of the machine and creates only a part of the profits. His invention may have been used in combination with valuable improvements made, or other patents appropriated by the infringer, and each may have jointly but unequally, contributed to the profits. In such case, if plaintiff's patent only created a part of the profits, he is only entitled to recover that part of the net gains. He must, therefore, 'give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative; or he must show, by equally reliable

and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature.' *Garretson vs. Clark,* 111 U. S. 120."

Under rule (a) Gordon is entitled to all the profits here, because the Petitioner used machines which this Court held infringed the patent in suit. Thus Gordon is entitled to recover all the profit.

Under rule (b) Gordon is entitled to all the profit, because the Gordon patent gave the entire value to the combination of the elements present in the Petitioner's infringing machine. The Gordon invention was a new combination of elements, and his patent specifies those elements in infringed claims. In *Gordon Form Lathe Co. vs. Walcott Machine Co.,* 32 F. (2d) 55, 56, the Court reproduced claim 2 of the Gordon patent, and found that all of the elements specified by that claim were present in the infringing machine; and when this case was before the Court of Appeals on the merits (87 F. (2d) 390), that Court also adopted its previous decision as to the elements constituting the invention and covered by the claims.

Under rule (c) Gordon is entitled to all the profits, because the Petitioner has not shown *"that a portion of them is the result of some other thing used by him."* "Some other thing used by him" must be something outside the patented combination. *Westinghouse vs. Wagner,* 225 U. S. 604, 617; *Sheldon vs. Metro-Goldwyn Corp.,* 309 U. S. 390, 403, 406; *Christensen vs. National Brake & Electric Co.,* 10 F. (2d) 856, 866; *Tuttle vs. Claflin,* 76 F. 227, 233; *Marconi Wireless Telegraph Co. vs. U. S.,* 63 S. Ct. Rep. 1393.

Rule (d) has no application to this case. That rule relates to cases where the patent is only for a part of the machine. Here Gordon's patent is for the entire machine.

Gordon maintains that an apportionment of profits is never decreed an infringing defendant because of a claimed improvement, where that improvement lies within the inhibited field of the patent. In order for an infringing defendant to be entitled to an apportionment of profits because of a claimed improvement, he must show, and the burden is on him to show, that he used something which he superadded to the patented combination. *Elizabeth vs. Pavement Co.*, 97 U. S. 126, 141. He may not show that he substituted but mechanical equivalents for some of the elements of the combination.

In *Christensen vs. National Brake & Electric Co.*, 10 F. (2d) 856, Judge Geiger pointed out what constitutes an "improvement" in a legal sense. He thus discusses the matter (p. 866):

> "Some contention arises over an alleged necessity of segregating profits made upon the infringing structure, the defendant claiming that in part they were attributable to its 'improvements.' *Speaking broadly, I assume that when an infringer claims to have 'improved' the patented structure, so long as he is still within the inhibited field of the patent—either as a whole or respecting any mechanical element or part of the structure—he is still infringing.* If by such 'improvements' he really betters, even beyond the contemplation of the patentee, but does not make a new or different structure in a legal sense; if he thereby promotes, no matter in how high a degree, its mechanical or commercial favor; if he thereby increases the gains and profits on an individual sale, or decreases them, but because of its greater favor with the public, increases production and thereby aggregate profits—he is still exercising the patentee's rights."

In *Tuttle vs. Claflin,* 76 F. 227, Judge Shipman stated this rule as follows (p. 232):

> "Upon the foregoing facts, the question of the rule of law in regard to the method of ascertaining the profits was not a debatable one."

and (p. 234):

> "* * * When the infringer uses in his infringing machine the essential part of the patented machine, without which his infringing machine is worthless, it is not an adequate answer to the demand for the payment of his entire profits that his substituted equivalents improved the work of the corresponding elements of the infringed machine."

This Court has epitomized this rule in *Sheldon vs. Metro-Goldwyn Corp.,* 309 U. S. 390 (a copyright case). In that case the Court says (p. 406):

> "In that aspect the case has a certain resemblance to that of a patent infringement, *where the infringer has created profits by the addition of non-infringing and valuable improvements.* And, in this instance, it plainly appeared that what respondents had contributed accounted for by far the larger part of their gains. * * *"

and states with respect to the *Westinghouse* case (p. 402):

> "* * * There, the Court was concerned with the question of burden of proof. It was said that the plaintiff suing for profits was under the burden of showing that they had been made. *The defendant had submitted evidence tending to show that it had added non-infringing and valuable improvements which had contributed to the making of profits;* and the plaintiff in reply had insisted that these additions had made no such contribution. But assuming, as had been found, that the additions were non-infringing, and valuable improvements, and a *prima facie* case of contribution to profits thus appearing, the burden of apportionment would rest upon the plain-

tiff. But in that relation it had still to be considered that the act of the defendant had made it 'not merely difficult but impossible to carry the burden of apportionment' and in such case, as the 'inseparable profit must be given to the patentee or infringer,' the law placed the loss on the wrongdoer."

In *Marconi Wireless Telephone Co. vs. U. S.*, 63 S. Ct. Rep. 1393, this Court again reiterates the rule which it adopted in *Westinghouse vs. Wagner, supra,* and *Sheldon vs. Metro-Goldwyn Corp., supra,* to the effect that in order for an infringing defendant to be entitled to an apportionment of profits or damages because of a claimed improvement, the "improvement" as such must be non-infringing. This Court states the rule thus (p. 1416):

"* * * The appropriate effect to be given to this testimony is important in the light of the recognized doctrine that if a defendant has added 'non-infringing and valuable improvements which have contributed to the making of the profits,' it is not liable for benefits resulting from such improvements. Westinghouse vs. Wagner Mfg. Co., 225 U. S. 604, 614-15, 616-17; Sheldon vs. Metro-Goldwyn Corp., 309 U. S. 390, 402-406 [44 USPQ 607, 611-613], and cases cited. Finding LXIII that the Government was using 'apparatus coming within the terminology of Claim 16,' and Finding 23 on the accounting that the accused devices 'infringe Claim 16 of the Marconi patent,' *give no aid in solving this problem for they are not addressed to the question whether, assuming infringement, the Government has made improvements which of themselves are non-infringing.* That can only be afforded by findings which appraise the evidence, establish the scope of Marconi's claim and the nature and extent of the difference in function, if any, between the device claimed by Marconi and those used by the Government, *and determine whether any differences shown to exist constitute a 'non-infringing improvement' for which Marconi deserves no credit.*" (Emphasis ours.)

The Court of Appeals applied the principles of the above cases in *Horvath vs. McCord Radiator & Mfg. Co.*, 100 F. (2d) 326, in which Court said (p. 330):

> "The burden is on Horvath to prove that McCord made profits by the use of his patented machine, and having sustained it, *McCord must then show that a portion thereof was due to the use of processes not covered by Horvath's patent* * * *."

The alleged difference in the method of tilting the tool in the Melling machine was but the equivalent of Gordon. As Judge Geiger pointed out, it does not matter how well the so-called "improvement" worked, if it does not constitute a different structure in a legal sense; and if it does not, the infringer is still using Gordon's rights as a patentee. As Judge Geiger so aptly put it *(Christensen vs. National Brake & Electric Co.*, 10 F. (2d) 856, 866):

> "* * * *Yet that was simply a means of promoting the infringement.*"

If it was essential here for Petitioner to use Melling's so-called "change in the method of tilting the tool," then that was but a means which enabled the Petitioner to utilize Gordon's invention, and hence to infringe.

With respect to the Petitioner's claim that Melling's Patent No. 1,512,995 (Exhibit 312, R. 1640-7), the two-cut mechanism, was an improvement and also entitled it to an apportionment: that mechanism, as the Master pointed out (R. 62), consisted of a mechanism for advancing the tools to take a second finishing cut on the cams without removing the shaft from the machine. It has been held *(Gordon Form Lathe Co. vs. Walcott Machine Co.*, 32 F. (2d) 55, 56) that claim 2 of the Gordon patent is valid and infringed. The last clause in claim 2 calls for "means for simultaneously causing relative movement between the

work holder and tool holder axially with relation to the work holder." This clause describes the mechanism which moves the shaft endwise against the cutting tools and covers completely the cutting mechanism of the Petitioner's machines. The Master so held, saying (R. 62):

> "* * * However, it would seem that the element in Claim 2 of the Gordon patent, as an example, 'means for simultaneously causing relative movement between the work holder and tool holder axially with relation to the work holder,' covers the means for doing this equally whether one or two cuts are taken."

There can be no contention that Claim 2 does not describe the Melling machine for Melling tried and failed to win that claim in the interference (14 F. (2d) 437).

It is indeed odd for the Petitioner to claim that this so-called two-cut mechanism is an "improvement" which requires an apportionment, whereas a one-cut mechanism would not be an improvement. *Every time a cut was taken on the Melling machine it infringed Gordon's patent. If the Melling machine required two cuts to be taken before the work was done, then there were two acts of infringement required to finish the job.* Petitioner's argument then, with respect to this two-cut mechanism, is that the greater the number of times the infringing machine is used to turn out a finished product, the greater the claim the infringing defendant has for an apportionment. If he infringed only once, he is entitled to no apportionment; but if he infringes two or more times, he is entitled to an apportionment. The mere assertion of such a claimed right to an apportionment denies the right to the claim.

The decision of this Court in *Lincoln Engineering Co. vs. Stewart-Warner Corp.*, 303 U. S. 545, was directed to a narrow improvement patent in a coupling device. The

Court in that case held that the patentee did no more than to devise a patentable improvement in a chuck; but the patentee did not patent that improvement as such, but attempted to patent it in combination with other old elements which did not perform any new functions in his claimed combination. This Court made this clear by pointing out the difference between the rule announced by this Court in *Lincoln Engineering Co. vs. Stewart-Warner Co., supra,* and in *Leeds and Catlin vs. Victor Talking Machine Co.,* 213 U. S. 301, 213 U. S. 325. *In the latter case this Court distinctly points out the rule that obtains with respect to the unity of an entire combination where a basic or pioneer patent is involved. All of the courts that have passed on this Gordon invention have held it to be pioneer and basic.*

The infringer's profits are not to be apportioned where the patent covers the whole of the infringing article sold; *Warren vs. Keep,* 155 U. S. 265; *Manufacturing Co. vs. Cowing,* 105 U. S. 253; or where the entire commercial value is attributable to the patented article. *Crosby Valve Co. vs. Safety Valve Co.,* 141 U. S. 441. The Gordon invention as covered by the patent in suit constituted the very heart of the machine. Without it the machine was worthless.

But aside from all of the foregoing: The rule is that in order for an infringer to have the advantages of an apportionment, where the patent covers a combination in which all of the parts cooperated as a unit, it is necessary for the infringer to separate and apportion the profits between the patented and the so-called added features. *Yesbera vs. Hardesty Mfg. Co.,* 166 F. 120; *Egry Register Co. vs. Standard Register Co.,* 23 F. (2d) 438. The rule in the *Yesbera* case has been followed. *Stromberg Motor Devices Co. vs. Zenith-Detroit Corp.,* 73 F. (2d) 62 (C. C. A. 2).

In *Christensen vs. National Brake & Electric Co.*, 10 F. (2d) 856, 866, the Court held:

> "That is to say, when once it is shown that the infringer sold a structure having the unitary characteristics of a patented structure, and that a profit was realized on such sale, the patentee ought to have the right to treat that as a sufficient prima facie showing of the measure of his recovery; and if the infringer, though conceding the prima facie profit, desires to mitigate the recovery by showing attribution of the profit or a part thereof to something else, *the latter showing should be considered as a defensive burden resting on the infringer.*"

As pointed out heretofore, the Petitioner made no attempt to apportion or segregate—it claimed that all of the profits were attributable to Melling's alleged improvements.

The Master distinctly found that it was impossible to separate the profits. The Master finds (R. 71):

> "* * * This case is of the other type, *and the impossibility of separating the profits sufficiently appears to impose the burden on defendant.* Resorting to the books of the defendant would be of no assistance on the issue; the confusion is not related to the books at all. Consequently I conclude that the plaintiff is entitled to all the profits; as between that alternative and allowing the plaintiff none, that is the fairer result."

This finding of the Master is sustained by the authorities. In *Levin Bros. vs. Davis Mfg. Co.*, 72 F. (2d) 163, the Court states (p. 164):

> "Here appellee proved profits after which appellant proved that part of the entire profit was from other features added by it and, thereafter appellee introduced positive evidence showing such confusion as to make apportionment impossible. In this situation and under the above decision the burden devolved upon appellant to establish a proper method

of apportioning these profits. * * * The evidence here sustains the finding of the master that appellant has failed to sustain this burden of proof and, so failing, appellee is entitled to the entire profit from the infringing davenports, even though they included these added features."

The cases cited by the Petitioner do not permit, much less require, an apportionment of profits in this case. In *Keystone vs. Adams,* 151 U. S. 139, the plaintiff did not prove the profits of the defendant. In the instant case Gordon proved the profits; and the courts have held that the patent in suit covered the whole machine. Nor can the Petitioner secure any comfort from *Mason vs. Graham,* 90 U. S. 261. That case does not relate at all to a question of apportionment because of the use of a mechanical equivalent. The only matter there decided is that the infringing device was made at a lower cost than the patented device, and that the defendant was entitled to the manufacturing profit measured by the difference in such costs because the infringing device was made under a patent granted to him, and that his cost was fifty cents per pair less than the picker-staff mechanism which he had immediately before put upon his looms. The same claim was very recently made in *Duplate Corp. vs. Triplex Co.,* 298 U. S. 448, and denied by this Court, Justice Cardozo stating the rule as follows (p. 457):

"4. *The allowance of the saving effected by the use of patented devices.*

"Pittsburgh was the owner of twenty-six patents which it used for its own benefit in the making of its glass. The claim is made that if the glass is not to be taken on the basis of market value, there must at least be an allowance of a reasonable royalty as compensation for the economies effected through the patented devices. But this is to misconceive utterly the position of an infringer accounting for illicit profits. 'An infringer cannot be heard to say that

his superior skill or intelligence enabled him to realize profits by his infringement which a person of less skill might not have realized.' He will be heard with no more patience in an endeavor to diminish liability by ascribing his profits to the capacity indwelling in a patent. Whatever is at his call in the service of the enterprise—brawn and intelligence, factories and lands, patents and machinery—will be viewed upon an accounting as if held upon a quasi-trust to contribute what it can to the profits of the business. The wrongdoer must yield the gains begotten of his wrong."

It was not possible to use the Melling machine without the use of Gordon's invention. The Gordon machine could have been, and was actually used without any of Melling's alleged improvements. To argue, as the Petitioner has here, that all of its profits were attributable to so-called improvements, is to say that even though it could not use Melling at all without infringing Gordon's patent, nevertheless, no part of this profit is attributable to the Gordon patent, because of a claim that Melling "improved" the operation of Gordon. The Master well held where the patent, as here, covers an entire machine, the burden is on the defendant for any claimed apportionment; and as pointed out in the *Flat Slab Patents Co.* case, *supra,* this burden is not met by attempting to show that the basic patent contributed nothing to those profits, whereas the so-called improvement is responsible for all of the profits. As pointed out by the Court in *Yesbera vs. Hardesty Mfg. Co.,* 166 F. 120, 125:

> "On the other hand, an improvement presupposes something already existing and which would remain if the improvement were to be taken off."

Strip the Melling machine of the parts that infringe on the Gordon patent and there is no operable part of the Melling machine remaining.

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> "On the other hand, an improvement presupposes something already existing and which would remain if the improvement were to be taken off."

Strip the Melling machine of the parts that infringe on the Gordon patent and there is no operable part of the Melling machine remaining.

Melling's so-called change in the method of tilting the tool was an infringement of Gordon. As Judge Geiger pointed out in the *Christensen* case, *supra,* that improvement was in the inhibited field of the patent, and did not constitute an improvement in the legal sense at all, because it did not constitute in itself a different structure. It was nothing but the substitution of an equivalent, as found by the Courts on the former occasions when this question was before those Courts on the issue of infringement.

In *Gordon Form Lathe Co. vs. Walcott Machine Co.,* 32 F. (2d) 55, the Court held that Melling, in order to produce the oscillating movement to maintain the normal angularity of the tool to the work, appropriated the cam and bell crank lever construction of Gordon; and that this did not occur to Melling until he had inspected Gordon's machine in operation. To argue as Petitioner does that Melling's change in the tilting of the tool, in addition to the two-cut mechanism of Melling, accounted for all this profit, is to ignore utterly the decisions of the courts to the effect that Gordon's patent was in a very true sense generic, and that Gordon was a pioneer in this branch of the art.

Petitioner claims (pages 64-65 of its brief) that there was issued to Melling a third patent No. 1,634,550; and that under the construction shown in that patent, an alternative way was opened to the Petitioner to machine its cams without utilizing the tilting tool.

Petitioner's chief tool designer Pioch, after inspecting this parallel head in 1929 as a possible method of avoiding infringement, reached the conclusion that this parallel head infringed Gordon (R. 636). The Master likewise found that this parallel head machine infringed Gordon (R. 24). The Lower Court affirmed the Master on this point, as did the Court below (133 F. (2d) 487, 495).

The question of infringement is purely a question of fact. *U. S. vs. Societe,* 224 U. S. 309, 322; *Reinharts vs. Caterpillar,* 85 F. (2d) 628, 631 (C. C. A. 9); *U. S. vs. Esnault,* 299 U. S. 201, 205; *Coupe vs. Royer,* 155 U. S. 565, 577-580; *Aluminum vs. Thompson,* 122 F. (2d) 796, 799 (C. C. A. 6).

Here then was a finding of the Master affirmed by the District Court and the Court of Appeals as to the fact of infringement; and this finding was but confirmatory of what the Petitioner's own expert tool designer found.

Under these circumstances, Petitioner's position (pages 64-65 of its brief), to the effect that the tilting or oscillating tool was not necessary or essential to the successful functioning of the infringing machines, is grounded on the substitution of a parallel head which also infringes. Petitioner is, therefore, not entitled to any apportionment of

The Petitioner is entitled to no apportionment here. Its claim is, and always was, that the Petitioner did not owe Gordon a cent. It reiterates that claim here. It did not offer proof on apportionment, although under the cases, even if there were a possibility of apportionment, that burden was on it. The decision of the courts sustaining the Master in denying Petitioner an apportionment should be sustained.

D. Other errors here and there in Petitioner's brief.

A. At page 41 it is said that respondent could "unquestionably" have recovered full compensation if it had pursued its remedies against the Walcott Company. One has only to inspect the decree of the District Court who denied the accounting because of the financial weakness of the Walcott Company (R. 1671) to find proof of this

profits on any such assumptions.

error. The Master also found that there is no evidence in this case to establish that the decree in the *Walcott* case was not based upon the financial condition of the Walcott Company (R. 82).

Moreover, recovery could not have been had for the first purchased eighteen of the machines used by the Petitioner because the respondent had no remedy against Walcott for the infringement by those machines because they were built and sold before the patent issued, nor for the other six machines because they were not included in the denied accounting.

B. At page 40 of respondent's brief it is said that Gordon had an established royalty of 10% and that the recovery should be limited to this. As in the case of most of the assertions by Petitioner, the evidence does not establish the claim that this 10% was an established royalty under the rules. While there are many rules that show that this was not an established royalty, we content ourselves with asserting that this 10% was for the *making and selling* of the machines, and even if it had been collected widely enough to establish royalty for the making and selling under the authorities, such would not be an established royalty for the *use* of the machines and therefore the Petitioner who is a user could not have resorted to this 10% as an established royalty (*Reynolds vs. Young,* 101 F. (2d) 257 (C. C. A. 6); *Horvath vs. McCord,* 100 F. (2d) 326, 336).

C. At page 6 it is claimed that the Ford Company was a pioneer in design and use of tools specializing upon a single piece, in other words that is generally known as quantity production. This scheme of manufacture was first adopted by Ely Whitney soon after the year 1800 and was first applied in the manufacture of muskets for the United States army. (*March of the Iron Men,* Burlingam 1938, pp. 187-190)

D. The claim at page 17 that the embodiment of the Gordon invention known as the Melling or Walcott machine was entirely responsible for the utility of the Gordon invention is erroneous since the proofs show that the embodiment of the Gordon invention disclosed in the patent in suit was highly useful and successful when used to turn the non-geometric forms for which it was designed, and further that the Melling or Walcott machine was merely a variant equivalent of the embodiment illustrated in the patent better adjusted to make the variant non-geometric form which was the Ford cam. To meet this error and to sustain what we have said we need no other proof than the statements of the Court on the subject and to point out that this erroneous contention by the Petitioner amounts to no more than a challenge of infringement which has been decided against the Petitioner's contention by numerous Courts below.

E. Throughout Petitioner's brief Petitioner makes the most extravagant and untruthful statements to the effect that the embodiment of the Gordon machine illustrated in the drawings of the Gordon patent was utterly worthless and an absolute failure in the turning of the Ford cams at the Ford plant. This is another inexcusable untruth. This embodiment of the Gordon invention was successful in turning many of the Ford cams and those upon which it failed it was successful in turning the entire cam except at one point. At the time that the failure of the machine to complete the commercially successful turning of all of the cams was learned it was not known that this particular embodiment of the Gordon invention could not be adjusted to turn all parts of all of the Ford cams commercially successfully. The success of the machine in turning many of the cams and in turning all except a small part of those upon which it was lame was prima facie evidence that it could be adjusted to turn them all commercially successfully.

Not until every effort to adjust this particular embodiment failed of this result did it become apparent that it would be necessary to manufacture a variant of the embodiment illustrated in the patent. Before Gordon could do this Melling had done it, and Ford had thrown out the Gordon embodiment and adopted the Melling embodiment. The opinions of the Courts are authority for these statements by us; they are also supported by the record. Therefore, instead of the Gordon embodiment being worthless and a failure on the Ford cams, as the Petitioner repeatedly incorrectly asserts, the facts are that that particular embodiment of the invention was not 100% commercially successful. It is well recognized that the first embodiment of a pioneer invention is seldom, if ever, commercially successful at all.

F. At page 66 of Petitioner's brief Petitioner asserts that the Gordon invention was a "mere improvement". Since the Gordon invention was found to be a pioneer invention by all of the courts below, we deem it needless for us to argue here a fact question thus established, and not only not raised by the petition for certiorari but not at present before this Court. Nevertheless we note that even an improvement invention is entitled to a more liberal treatment than the Petitioner asked this Court to give the Gordon pioneer invention (*Eibel vs. Paper Company,* 261 U. S. 45, 63).

G. At page 73 it is asserted that the Ford Company was guilty of no wrong. Since the Ford Company was adjudged to be an infringer by the courts below, this assertion is a challenge of a fundamental holding under the decisions of this Court to the effect that not only is an infringer a wrongdoer, but a wrongdoer of the status of a trustee *ex maleficio* wrongdoer. (*Duplate vs. Triplex,* 298 U. S. 448)

H. At the top of page 75 of Petitioner's brief it is asserted that the Ford Company "did keep records". True enough, but the record which the Ford Company kept related to other matters than to the apportionment of the savings and profits in the instant case. On this subject no records were kept, as the Master and the courts below found.

Throughout the Petitioner's brief it is contended that the embodiment of the Gordon invention incorporated in the infringing Walcott machine was greatly superior to the embodiment of the Gordon invention incorporated in the machine illustrated in the patent in suit. This is a good deal like saying that a left-handed mashie is superior to a right-handed mashie. Of course it is superior for a left-handed man, but the reverse is true of a right-handed man. The embodiment of the Gordon invention illustrated in the patent in suit was designed for one kind of non-geometric form just as the right handed mashie is designed for the right-handed man, and the embodiment of the Gordon invention incorporated in the Walcott machine was superior for another kind of non-geometric form just like the left-handed mashie is superior for the left-handed man.

It would be anathema to say that the left-handed mashie was not the same kind of mashie as the right-handed mashie merely because the one is particularly designed for the right-handed man and the other for the left-handed man, though both are in principal and in substance and mode of operation and results the same.

I. The practice—whatever it may have been—regarding the collection of royalties for the use of machine tools, either by Gordon or others,—relied upon also in the preamble to the Petitioner's discussion of the *Birdsell vs. Shaliol* rule, is immaterial to any issue in this cause. The statute awards the patentee compensation for the infring-

ing use, and this provision of the statute can not be vacated by any custom in any industry with respect to the collection of royalties, whatever that custom may be. Moreover, it is not now, and never has been, the practice not to collect royalties on pioneer inventions, no matter in what industry.

J. *The rule yielding the $900,000.* At page 32 of its brief, and elsewhere in its brief, the Petitioner repeatedly calls attention to the original claim of savings of $900,000. There is no occasion for these references inasmuch as this question was presented and decided below. However, since it has been repeatedly presented, the Court may be interested in learning the basis of the claim even though the Court thinks the question moot here. It was our position that the standard of comparison had to be accepted as it was and was not to be modified. The rule of standard of comparison is well settled as the basis of finding the gains and savings of a user who infringes a patent. It constitutes the savings made by the infringer by comparing the costs of operating the infringing machine with the costs of operating some other machine available to the defendant at the beginning of the infringement and which could produce the same product or product of equal saleability and utility. There is a host of authority to the effect that the standard of comparison cannot be modified but must be accepted as it was at the time the infringement began. (*Expanded Metal Co. vs. General Fireproofing Co.*, 247 F. 899, 910; *Egry Register Co. vs. Standard Register Co.*, 23 F. (2d) 438, 443 (C. C. A. 6); *Knox et al. vs. Great Western Quicksilver Min. Co.*, 14 F. Cas. 809; *Philadelphia Rubber*

Wks. Co. vs. U. S. Rubber Reclaiming Works et al., 277 F. 171, 177 (C. C. A. 2); *Klooster*, pp. 625-627; *Deller's Walker*, p. 2207.)

By this rule the savings amounted to $901,922.67 (R. 113). The courts below, however, permitted a modification of the standard which reduced the savings to the present judgment of $206,824.22. Inasmuch as this question has been brought up by the Petitioner's brief, we point out that there is authority for this Court going into it and reversing the lower court and raising the savings to $901,922.67. We cannot here present all the reasons for the rule, but they are well stated in the cases which we have cited. An outstanding reason is that we are here dealing with a rule of accounting and one of the difficulties of permitting changes in a standard is that no one knows where such changes will end and patent accountings already lengthy and confusing will be more than doubled in confusion and length by such a modification of the rule, since whereas now one or two standards are submitted under the rule permitting a change in the standard there will be numerous changes proposed all involving expert testimony and so on without end.

It is no answer to say that this sum is in excess of what Gordon would have received if Ford had purchased the machines from Gordon because by well established rules the profit that the patentee might have made on the machines is not the measure of the savings that the infringer made. The rule of course is that Gordon is entitled to the savings that Ford made by the use of the infringing machine over what would have been made by the use of the next best machine available to Ford which could have produced the same product. An infringer cannot defy the patentee and when brought to bar and ordered to respond settle upon the same basis that he might have settled upon before the infringement. After the war is over, the Japeneze will not be permitted to settle for the damage done at

Pearl Harbor. Nothing is better settled both within and without the patent law than that the wrong-doer cannot settle after litigation for what he might have paid before.

Resolving Doubts: It is well recognized that any doubts arising in a patent accounting are resolved against the infringer who stands before the Court in the shoes of, and to be treated as, a trustee *ex maleficio* or wrongdoer. In *Westinghouse vs. Wagner,* 225 U. S. 604, 618-619, it was held:

> "It presented a case where the court was called on to determine the liability of a *trustee ex maleficio,* who had confused his own gains with those which belonged to the plaintiff. One party or the other must suffer. The inseparable profit must be given to the patentee or infringer. The loss had to fall on the innocent or the guilty. In such an alternative the law places the loss on the wrongdoer."

(See also *Tilghman vs. Proctor,* 125 U. S. 138, 148; *Wales vs. Waterbury,* 101 F. 126, 128 (C. C. A. 2); *Thum vs. Dickinson,* 254 F. 219 (D. C. Mich.))

In the *Duplate vs. Triplex* case, 298 U. S. 448, the Supreme Court, speaking through Mr. Justice Cardozo, characterized the infringer in a patent accounting as a wrongdoer. The following from *Ellett vs. Klein,* 22 F. (2d) 807, 810, is characteristic:

> "If so (infringement of a patent) he was a trustee *ex maleficio,* and subject to the rigorous rules of accounting which applied to a wrongdoer."

In *Motor vs. Piano,* 19 F. (2d) 993, 997, the thought was expressed as follows:

> "As between the wronged and the wrongdoer, if the sword of justice in making the cleavage must shed blood, it had better be drawn from the latter than

the former. Justice forbids that the innocent should share with the guilty in the consequences of the injury."

Pioneer and Improvement Patents: The authorities relied upon by Petitioner relate to improvement patents and therefore are not in point here where a pioneer patent is involved *(Bassick vs. Hollingshead,* 298 U. S. 415, 425).

Gordon machine was successful in turning many cams and many shafts at the Ford plant: Evidence of the experience of the Gordon machine in cutting Ford cams is not new in this litigation; it was before the Patent Office and before the Courts in the other causes. In its opinion in the Walcott case, the Court of Appeals not only considered this evidence, but took note of it in the Court's comment about the difficulties that the Gordon machine had with the "long-nosed or sharp-pointed cams," meaning the Ford cams (32 F. (2d) 56). In the interference record and in the case before Judge Westenhaver there will be found evidence upon this same subject.

The record shows that Gordon built many machines just like illustrated and described in his patent and sold the same to various engine builders, such as Nash, Studebaker, Peerless, Maxwell, Cadillac and others, and that many millions of cams and other non-geometric forms were successfully turned on these machines (Main* R. 84). Much less difficulty than is ordinarily experienced with a pioneer machine, was encountered in breaking the Gordon machines in to the various tasks encountered with and by them. Such difficulties were due to materials and workmanship and not to the principles of the machine. After a machine as com-

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* Main means the record on the infringing case reported at 87 Fed. (2d) 390.

plicated as and containing as many parts as the Gordon machine is invented and designed, considerable engineering and mechanical skill must be exercised to select the proper materials and make the parts correctly. All new machines must be whipped into shape and users of such machines so understand and are patient accordingly. Gordon found his customers exercising such patience with him until the Walcott machine was placed upon the market. Gordon was in no position to make his own machines and so the making of them was farmed out.

The Gordon machine set up and used in Petitioner's plant was, as Petitioner's witness admitted, defective in materials and workmanship and the troubles Petitioner encountered with such machine were due largely to such defects (Main R. 271). Mr. Gordon affirmed this testimony (Main R. 789).

Petitioner assigned the machine to the turning of the cams on the Fordson Tractor shafts which were not only too heavy for the machine, but which shafts were not true (Main R. 88). Nevertheless, many of these cams were successfully and satisfactorily turned on the Gordon machine notwithstanding its defective workmanship and materials (Main R. 790-791). Under the law and the authorities those admittedly turned were sufficient to establish the operativeness and utility of the Gordon machine (*Hildreth vs. Mastoras,* 257 U. S. 27, 66 L. Ed. 112; *Cleveland Automatic vs. National Acme,* 52 F. (2d) 769 (C. C. A. 6); *Crown Cork vs. Aluminum Stopper,* 108 F. 845 (C. C. A. 4)). Petitioner's attack on the operativeness and utility of the Gordon machine is based on the number of cams turned by the single Gordon machine at the Ford plant, since success elsewhere is admitted (Main R. 260). There is high dispute as to how many cams were successfully cut by this single Gordon-Ford machine, overloaded and poorly conditioned as it was. This dispute could have been settled by the pro-

duction of the Petitioner's records on that subject. None was produced though Petitioner claims to keep its records so proficiently as to overcome the presumption that mail is delivered by the United States Post Office Department (Main R. 934).

Before Gordon could rectify the defects in the Gordon-Ford machine due to poor materials and workmanship, the Melling machine was brought to Petitioner and substituted by Petitioner for Gordon. Gordon was rejected (Main R. 88 and 89). In answer to his protests about taking his invention Gordon was told that Petitioner did not care anything about his patent or his victories over Melling in the Patent Office or the Courts (Main R. 86, 87 and 211).

Melling had, after observing the operations of the Gordon machine, designed the Walcott machine embodying certain changes in degree and, what was more important from an operative standpoint, limited its activities to cutting or turning a cut only half as deep as that cut by Gordon (Main R. 91). By thus lightening the task of the machine it operated more successfully than Gordon, though on the same principle. The Gordon machines continued to be operated elsewhere doing in one cut what Walcott did in two cuts and may still be operating as far as this record shows.

The same question of operativeness and utility was presented to the other Courts in this litigation and each held in favor of Gordon. (See 4 F. (2d) 946; 14 F. (2d) 437 and 438; and 32 F. (2d) 56)

It is, therefore, manifest that Gordon is operative, useful and successful and that Petitioner rejected him not because Gordon was not, but because Petitioner could purchase the improved infringing machine. Since the Melling machine has been held by this Court to infringe, Melling is Gordon and the commercial success of Melling is the com-

mercial success of Gordon (*Dillon vs. McEachran,* 69 F. (2d) 144, 146 (C. C. A. 6)).

It is true that the manufacture of the embodiment of the Gordon machine illustrated in the Gordon patent was discontinued in 1924 due to the advent of the Melling embodiment and that at the time of the trial in 1934 Gordon did not know of the then use of an embodiment of the Gordon machine as illustrated in the patent. He had not followed each of such machines used during the ten years from 1924 to 1934. It would not be surprising if all had been worn out and junked in that ten years.

In counsel's discussion of this subject counsel are quite extravagant. Mr. Gordon said (Main R. 90):

> "I saw cams that were cut by our machine at the Ford plant on that tractor shaft. Some of them had bumps on one side and nicks on the other. That was due to several causes. In some cases it was due to the fact that the material on the shaft was not properly centered,"
>
> * * * * * *
>
> "Not all of the cams cut on our machine at the Ford plant had those nicks and bumps on them."

and (Main R. 790 and 791):

> "The Gordon machine, when it was first started up, the second time the machine was in the Ford plant, I was present there, and we turned many shafts from 15 to 20 thousandths on a side, and at one time for a run of a couple of hours we did not pay so much attention to the size, because it was a question then as to whether or not we could get production, and we succeeded in getting a production of about thirty an hour for that period, and the rest of the time we turned those cams down, I don't think at any time that we left over 30/1000ths or over 25/1000ths, unless it was due to our failure to notice that a tool point had worn down or possibly chipped off, or something like that might have happened."

and (Main R. 88):

> "When the conditions of the shafts were corrected, we turned out shafts at the rate of better than thirty an hour."

(Main R. 791):

> "These were all turned to the required size."

Mr. Gordon testified (R. 283) that the trouble was due to defective parts in the particular Gordon machine employed at the Ford plant as follows:

> "Q. Why did your company take the machine out of the Ford plant and take it back to some other place for reconditioning, or whatever work you did do on it? A. Because there was defective parts in the machine and we wished to correct them.
>
> Q. To that extent then, you yourself realized the machine was unsatisfactory, that is correct, isn't it? A. Not any more than any machine, defective parts in those machines might be a reason for a desire to take them back."

Mr. Gordon testified that most of the time he spent at the Ford plant in connection with his machine was spent trying to get the material to be used in the machine in shape so that it could be operated on in any machine. On this subject he testified as follows (R. 286):

> "Q. But you did spend some three weeks in the Ford plant in and about that machine? A. In the Ford plant, yes, sir.
>
> Q. And a great part, or a certain part of that time was work in connection with attempting to make the machine operate satisfactorily, isn't that true? A. In a sense that is true, *but most of the time was spent in trying to get the material that was to be put into the machine in shape so that any machine could operate it satisfactorily.*"

The evidence shows that the International Harvester Company made only one complaint before paying for the machine. That complaint was trivial and was promptly remedied, whereupon the Company paid for the machine and never complained again (R. 1186, 1187). It isn't in anybody's philosophy that the purchaser of a machine tool ever paid for the machine in full and then never complained about it unless the machine was fully satisfactory.

It is true that Gordon worked imperfectly when a tool broke, as any machine would, and that Gordon had no opportunity to see if the shafts turned passed the Ford inspection. His liberty in the Ford plant was limited. The shafts were in condition to pass inspection and no records of the Ford Company are produced to show they did not pass.

Even though made of defective material and workmanship, overloaded with improper raw material and trying to cut twice too deep, the Gordon machine at the Ford plant cut admittedly hundreds of shafts and thousands of cams correctly. In all other plants it worked satisfactorily. This is a record we dare say without parallel for a pioneer invention and for a machine embodying for the first time a new principle and accomplishing for the first time a new result. It is more than the law requires (*Hildreth vs. Mastoras,* 257 U. S. 27; *Remington vs. National,* 6 F. (2d) 585, 630; *Mergenthaler vs. Press,* 57 F. 502, 505). All that Petitioner says about it might be true without in any way affecting the status of the patent since a complete failure of one machine out of many would not invalidate or limit the Gordon patent.

Petitioner recognizes this and urges lack of commercial utility no matter what use may have been made of the Gordon machines by others. Thus is the contention of lack of utility reduced to a factual as well as to a legal absurdity.

The Questions of Patentability and Infringement are not included in the Three Points on which Certiorari was Granted: Although as we have pointed out, the Petitioner discusses freely and at length the questions of patentability, and infringement in its brief, those questions were not within the compass of the matter covered by the certiorari. All were presented and tried in records which the Petitioner has not brought to this Court including the record on the main case which was decided at 87 F. (2d) 390. Therefore under Rule 13, Section 9, of this Court, the Court will, as we understand the rule and the practice, not consider these questions, or will dismiss the certiorari because of the failure of the Petitioner to bring up the full record on these points. It is manifest from the extensive discussions of these questions, that Petitioner holds that considerations of these questions by this Court are important, if not necessary to a decision of the points raised by the certiorari, and at the same time has not brought up the record on the questions.

CONCLUSION.

All of the courts have held that Gordon was not only a meritorious inventor but a pioneer inventor. This Court has held that such an inventor is a public benefactor entitled to have all doubts resolved in his favor and to be awarded for the benefit which he has conferred upon the public. The Patent Planning Commission appointed by President Roosevelt has made the same finding. The Anti-Monopolies Committee appointed by the Senate has made the same finding. We therefore assert without fear of contradiction, dispute or dissent, that Mr. Gordon is entitled to this status on this accounting.

On the other hand, this and numerous other courts have held that an infringer of a patent is entitled to no better

status than that of a trustee *ex maleficio*. This holding is found in decisions by this Court both ancient and current. Petitioner has been found by all the Tribunals below who have ruled upon the question to be an infringer of the Gordon patent and therefore must be accorded that status.

We have shown that this Court granted certiorari and that this cause is before this Court as a result of a subterfuge of the Petitioner constituting the representation that a certain alleged agreement contains certain terms and postponing until its main brief the admission that there is nothing in the record to justify or support the contention that this alleged agreement contained those terms. We have pointed out that this Court has, in several cases brought before it on such subterfuges, dismissed the petition of certiorari with no more than reprimanding comments because the Court had no other power in the premises. This is not so in the instant case for the statute gives this Court the right to increase the damages as far as tripling them, and it is for just such conduct that damages have been increased in some instances even to that extent. In addition we have shown that every one of the Petitioner's major contentions, and most of the Petitioner's minor contentions, are based upon errors which should have been if they were not recognized by the Petitioner at the time they were offered. We have also shown that Petitioner has falsely charged the respondent with the suppressing of evidence in courts below where that evidence was not only present but where the presence of the evidence was commented upon by the courts who sat below in their opinions. All of which shows that the charges of suppression were not only false but were known to be false at the time the Petitioner made the charges. All of these charges are made by the trustee *ex maleficio* against the public benefactor and are in extension and in addition to charges made by the Petitioner

against the respondent and which the Master characterized as "serious" and "without any foundation."

We submit, therefore, that not only ought the courts below to be affirmed but that this Court ought to increase the damages and that that increase should be a tripling of the damages.

Respectfully submitted,

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